

# **REPORT OF THE WORKING GROUP ON PANCHAYATS AND COOPERATIVES**



**MINISTRY OF COMMUNITY DEVELOPMENT & COOPERATION  
(Department of Cooperation)  
GOVERNMENT OF INDIA**

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## CHAPTER I

### Introductory

#### *Constitution of Working Group :*

The Working Group on Panchayats and Cooperatives was constituted by the Government of India, Ministry of Community Development and Cooperation, by notification No. 8-11/61-Plan dated the 22nd July, 1961, (Appendix I). The group consisted of the following:

1. Shri S. D. Misra, Parliamentary Secretary, Ministry of Community Development and Cooperation.—*Chairman.*
2. Shri Chintamani Panigrahi, M.P., Orissa.—*Member.*
3. Shri H. C. Mathur, M.P. Rajasthan.—*Member.*
4. Shri S. M. Joshi, M.L.A., Maharashtra.—*Member.*
5. Shri P. Kesava Rao, President, Andhra Pradesh State Co-operative Union.—*Member.*
6. Shri G. D. Goswami, Joint Secretary, Ministry of Community Development and Cooperation.—*Member-Secretary.*
7. Shri A. Prakash, Commissioner (Panchayati Raj), Ministry of Community Development and Cooperation.—*Member.*
8. Shri Ram Singh, Joint Development Commissioner, Rajasthan.—*Member.*
- \*9. Shri A. C. Bandyopadhyaya, Registrar of Cooperative Societies, Orissa.—*Member.*

#### *Terms of reference:*

1.2. The terms of reference of the Working Group were as follows:—

- (a) to study the working of Panchayati Raj in its relationship to and its impact on cooperatives in some selected States;
- (b) to suggest measures whereby cooperatives and panchayats can perform their respective roles without conflict and strengthen one another;
- (c) to suggest demarcation of responsibilities between the panchayat and cooperative institution;
- (d) to suggest concrete measures for securing coordination between the two sets of institutions.

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\*Appointed on 28th August, 1961.

1.3. The first meeting of the Working Group was held on 16th August, 1961. Shri S. K. Dey, Union Minister for Community Development and Cooperation addressed the Working Group. Shri Dey felt that the relationship between village panchayats and village cooperatives and their higher organs was assuming such an importance that there was clearly a need for collective thinking on the subject in collaboration with representative opinion from the States, from the Parliament and from the un-committed public opinion in the country. He did not think there was much scope of country-wide study being undertaken as there was very little material available for study. He suggested that the group might consult a certain number of state Governments or individuals who are likely to throw light on the subject. In the end Shri Dey requested the Working Group to give its report in time for placing it before the conference of Ministers of Cooperation scheduled for 29th and 30th October, 1961.

1.4. At this meeting the Working Group decided to issue a questionnaire. A copy of the questionnaire is at appendix II. The questionnaire was issued to various authorities and institutions listed in appendix III. A list of those who replied to the questionnaire is given at appendix IV.

1.5. The Working Group undertook a quick tour of Punjab, Orissa, Maharashtra and Rajasthan and held discussions with the Ministers incharge of Cooperation/Panchayats, officials of cooperation and panchayat departments and selected non-officials. The Chairman of the Group also held discussions with some officials and non-officials in U.P. Due to the limited time available it was not possible to visit other States.

1.6. The Working Group had the advantage of discussions with the Union Minister of Community Development and Cooperation, Member (Agriculture) Planning Commission, officials of the Planning Commission, and the Ministry of Community Development and Cooperation, representatives of the National Cooperative Union and the AVARD. A list of persons and institutions with whom the Working Group held discussions is given at appendix V.

1.7. We are thankful to the various persons and institutions who responded to our questionnaire or gave oral evidence before us. We would like to place on record our appreciation of the ungrudging help given to the Group by Shri R. Vengu, Under Secretary Cooperation. Our thanks are also due to Shri M. L. Madan, P. A. to the Member-Secretary and to other members of the staff in the Ministry of Community Development and Cooperation.

1.8. We have great pleasure in recording our appreciation of the services rendered by our Member-Secretary Shri G. D. Goswami. It was his experience and promotness that helped us to complete our task in so short a time.

## CHAPTER II.

### Changing Concepts relating to role of co-operatives

#### *General*

2.1. Co-operation has been defined as a form of organisation in which persons voluntarily associate together on a basis of equality for the promotion of their common interests. Throughout the ages, co-operation has been practised in some form or other. In the villages of old there was a great degree of adjustment and an awareness of the need to come together for the common good. All joined in various operations. Happiness and sorrow were shared in common.

#### *Act of 1904*

2.2. Formally the movement in India may be said to have begun with the passing of the Co-operative Credit Societies Act of 1904. It originated in the desire to organise and develop a special institutional agency for the provision of credit for agriculture. The Act provided only for the formation of credit societies particularly for the furtherance of agricultural credit, as it was considered that the establishment of societies among the agricultural classes should be the first care of local Governments. In ordinary cases the area of societies was to be closely restricted. Loans might be made to members only on personal or real security, but not ordinarily on chattel security.

#### *Act of 1912*

2.3. The 1904 Act did not give legal protection to societies formed for purposes other than credit. The Act of 1912, rectified this defect. Co-operative associations for other purposes besides credit were allowed. The new Act gave a fresh impetus to the movement and the number of societies increased steadily.

#### *Maclagan Committee*

2.4. In 1914, the Government of India appointed the Maclagan Committee to examine whether the movement was progressing on lines economically and financially sound and to suggest measures of improvement which may be required. The report of the Committee was, however, in the main confined to agricultural credit as other forms of co-operation were for the most part in their infancy and occupied a comparatively small part of the ground then covered by the co-operative effort in the country.

#### *Royal Commission on Agriculture*

2.5. While better farming, better business and better living were considered to represent the aims of co-operation in the village the

movement tended to concentrate on agricultural credit. This was perhaps inevitable as with large uneconomic holdings and farming largely of the subsistence type indebtedness was considered the most powerful obstacle in the way of rural development. The Royal Commission on Agriculture in India (1928) remarked that "co-operative departments were too much occupied with their primary function of credit".

The co-operative movement, such as it was, received a set back with the slump in agricultural prices in 1929 and recovered again after the war with the rise in agricultural prices.

#### *After independence—First Plan*

2.6. After independence co-operation received a new stimulus. The first plan recognized co-operation as an instrument of national policy aimed at increasing production and improving the economic conditions of the rural population. As the immediate objective was one of rehabilitation and consolidation, there were no significant qualitative changes in the institutional structure of the rural co-operatives. Only quantitative expansion was sought in certain sectors. Paucity of detailed information was another limitation inhibiting qualitative expansion of the movement.

#### *Rural Credit Survey Committee*

2.7. At about this time the Rural Credit Survey Committee (1952) examined all aspects relating to rural credit. The committee noted that even from the point of better business there was substantial deviation between co-operative principles and co-operative policy and that from character and repaying capacity, as judged by local knowledge and kept under review by local vigilance, co-operative credit at a very early stage, gravitated to ownership and landed security. After analysing the various causes the committee concluded that "the problem is not one of reorganisation of cooperative credit as of the creation of new conditions in which it can operate effectively and for the benefit of the weak".

2.8. In formulating the solution the committee postulated a basic approach: viz., the need to approach the cultivator on the basis of a cooperative organisation in the village itself to meet the more urgent demands of agricultural credit and of the economic activities with which it is inter-related.

#### *Second Plan*

2.9. With the publication of the Rural Credit Survey Committee Report in 1954, the time was opportune for effecting changes in the institutional set up for qualitative expansion. The movement had to be made broad based for effecting large scale improvement in agricultural economy. We would like to quote a significant observation made by the Co-operative Planning Committee (1945). The Committee stated that one of the main causes of the limited progress of the movement was "the fact that the movement did not, especially in its initial stages, take the life of the individual as a

whole". The Second Five Year Plan took into account the recommendations of the Rural Credit Survey Committee which suggested an integrated approach to the problem of rural co-operatives with adequate state support and protection. The role of co-operatives as enunciated in the Second Five Year Plan was:

(i) Economic development on democratic lines offers a vast field for the application of cooperation in its infinitely varied forms. This is particularly so in a socialistic pattern of society where the creation of a large number of decentralised units in agriculture and industry is inevitable. The building up of a co-operative sector is, therefore, one of the central aims of national policy. Co-operatives have a particularly important role to play in respect of agricultural production, marketing, cottage and processing industries and internal trade.

(ii) For the agricultural part of the Plan, the village is the indispensable unit for planning and for implementation through suitable organisations at the village level. A village co-operative should be large enough to be an efficient unit but not so large as would make it difficult to secure mutual knowledge, a sense of mutual obligation and concern for rehabilitation of the weaker sections of the community.

Every family in the village should be represented by at least one member. Only thus can a co-operative be fully representative of the village.

The functions of the village co-operatives should be multi-purpose and should cover credit, thrift, supplies required for agricultural production, consumer requirements, and marketing. Every member should be provided these facilities irrespective of the fact whether he owned any property or not. It is only through the provision of these facilities that persons who did not own land could, over a period of time, be made credit-worthy.

Village Societies should form federations of their own at various levels as necessary. For certain functions they should and indeed must combine into larger units.

(iii) Co-operative marketing, storage and processing should be developed on a large scale.

(iv) The ultimate justification for the community development movement was that self-help and self-reliance by the people would be developed as a planned programme. Co-operatives and Panchayats should be organized in all the villages and there must be the closest collaboration between them and the community development agency.

2.10. The co-operative plans for the Second Plan period were drawn up broadly in accordance with these principles and on the basis of the recommendations made in the Rural Credit Survey Committee Report. The movement was given state support and protection. An intimate link was sought to be established between credit, production, marketing and supply and distribution. The state partnered a number of institutions and credit societies

were linked to marketing societies. Processing of agricultural produce on co-operative lines was undertaken on a large scale. Warehouses and godowns were constructed in large numbers. Adequate arrangements were made for training the officials and paid staff of co-operative institutions. A scheme for training of large numbers of honorary workers of the movement was initiated.

#### *National Development Council Resolution*

2.11. While institutional arrangements gradually took shape the growth was still sector-wise and in terms of numbers, of volume of business done etc. The movement was yet to gravitate in the direction of building a planned economy pledged to the value of socialism and democracy. If co-operation was to be one of the principal means for bringing about changes of a fundamental nature within the rural economy, it was clear that the responsibility for rural economic development must be placed fully on the village panchayat and the village co-operative. The National Development Council emphasized in November, 1958, the basic objective of co-operative policy as one of re-building the rural economy and in particular increasing agricultural production. The Council called for organisation of co-operatives on the basis of the village community, their effective functioning as service co-operatives, universal membership and provision of adequate credit in relation to production plans, expansion of the programme of marketing, storage and processing and of training facilities and simplification of laws and procedures. On the basis of the decisions arrived at by government the state governments were given broad indications of the policy to be followed in respect of co-operative development during the remaining period of the second plan and thereafter. The main features of the policy are:

- (a) The Panchayat and the co-operative are the primary agencies for carrying out the community development programme which aims at the improvement of all aspects of life of the rural people. The village agricultural programme is the foundation of the programme for co-operative development and should receive the highest priority.
- (b) The primary functions of the village co-operative will be the provision of short and medium term credit, supply of agricultural and other production requirements and the marketing of agricultural produce. In addition to these functions, the co-operative will help formulate and implement a plan of agricultural production for the village and undertake such educative, advisory and welfare work as the members might be willing to take up. For specific functions, co-operative societies may be organised for groups of village (e.g. for industrial workers). They may also be organised within a village on behalf of those who benefit from a particular activity (e.g. co-operative farming, tube-wells, soil conservation, etc.).
- (c) There should be fullest co-ordination between panchayats and co-operatives.



- (d) Co-operatives should be organized on the basis of the village community as the primary unit. Where villages are too small, with the consent of the communities concerned, a number of them covering a population of about 1,000 could be grouped together for the purpose of forming a village co-operative society. A certain amount of flexibility would, however, be necessary and provided the essential characteristics of a co-operative society, namely, voluntary basis, close contact, social cohesion and mutual obligation are ensured, suitable adjustments in the size of the population covered by a village society can be made.
- (e) If co-operation is to be developed as a country-wide movement, it is necessary that every person who wishes to join a society is enabled to do so. It is only when every family in the village joins the village multipurpose society that it can become fully representative.
- (f) There should be closest possible association with the representatives of non-official co-operative organisations. Where suitable organisations exist some of the powers of Registrar could be delegated to them. In states where non-official organisations either do not exist or are weak, they must be created or strengthened. The ultimate object in this respect must be to delegate as many powers as possible, to such non-official organisations and to exercise the powers in close collaboration with them. Only then can the movement become a people's movement governed by the people.

2.12. Keeping this policy in view the programme during the last two years of the plan was re-adjusted so as to fulfil the plan targets and to lay the foundation for a sound expansion of the movement.

#### *Committee on Co-operative Credit*

2.13. Since these decisions were reached, problems relating to the development of co-operative credit in the context of the large needs of the third plan were examined by the Committee on Cooperative Credit. In September, 1960, the National Development Council considered proposals based on the report of this committee and agreed that while, as a general rule, co-operatives should be organised on the basis of the village community as a primary unit where villages were too small, the number of villages to be served by a society could be increased in the interests of viability. The aim should be to ensure viability with the inclusion of the smallest number of villages necessary so that co-operative societies could achieve both viability and the essential characteristics of co-operation. However, such extension should be subject to certain maximum limits, namely, a population of 3,000 (that is 600 families or about 500 cultivating families) resident within a distance of not more than 3 or 4 miles from the headquarters village. The cooperatives were to be supported under appropriate conditions by state participation in the share capital. To enable co-operative societies to admit all classes of cultivators, including marginal and sub-marginal cultivators, landless tenants etc., as members, and provide them with adequate

credit on the basis of the production requirements and repaying capacity, the societies and financing banks were to receive outright grants at 3 per cent and 1 per cent respectively of the additional loans made during a year over those advanced by them in the preceding year. The continuance of these grants was to be contingent on the weaker sections receiving the necessary assistance.

### *Third Plan*

2.14. The Third Plan carries this approach further. The broad aim of the policy as envisaged in the Third Plan is to develop the village as a primary unit of organisation in agriculture and related activities which go together in rural economy. The Plan visualises that co-operation should become progressively the principal basis of organisation in many branches of economic life, notably in agriculture, minor irrigation, small industry and processing, marketing, distribution, supplies, rural electrification, housing construction, and the provision of essential amenities for local communities.



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## CHAPTER III

### Evolution of Panchayati Raj

3.1. The village community has existed through the centuries in India as a social organisation based on ideas of cooperation and mutual goodwill. The Village Panchayat as a corporate unit also dates back to Vedic times. The ancient panchayats discharged many functions and they brought to bear a community approach to the solving of various problems. Voluntary labour and community ownership of assets were common features of village life of those days. The village organisation had thus the approval and the confidence of the people. But at the same time it was not directly integrated with the State. The State satisfied itself with getting the land revenue collected and left the village panchayats alone. As the State did not interfere in the affairs of the village panchayat the latter body more or less performed the obligations of the State to the people. In other words, the panchayat discharged not only development but also administrative and judicial functions. There were even instances of collaboration between two or more panchayats for carrying out works of common interest.

3.2. These institutions prospered in relative isolation from the impact of the state, social and political changes outside as also foreign invasions. The disintegration of the corporate life of the village started when the British Government introduced landlordism and disrupted the community consciousness of the country side. The impact of state administration and policies began to be felt in the remotest villages. The economic changes that resulted from the opening up of communications brought in their wake the inevitable migration of village population to cities. Pursuit of individual careers replaced the prevailing sense of responsibility to the community. By the middle of the 19th century the village panchayats became more or less dormant.

3.3. In 1887 a beginning was made towards the establishment of Municipal Administration in certain areas. But the rural areas continued to be neglected. The Resolution of Lord Ripon of 1882 was a land mark in the history of local self-government in the country. It recommended, among other things, that local self-government should begin at levels lower than the district. At the same time, this resolution did not make a specific reference to the village panchayats. The Resolution observed that if non-officials were properly organised and given responsibilities there would be a marked improvement in the efficiency of administration at lower levels. In pursuance of this resolution the provincial Governments legislated suitably in the light of local conditions.

3.4. The Royal Commission on Decentralisation appointed by the British Government gave its Report in 1907-08. The Commission recognised that the village had functioned for a long number of years as the primary unit of government organisation with a sufficient

degree of autonomy. The Commission recommended that the village should be the basic unit of local democracy with a panchayat for every village. The Commission envisaged that the panchayat must discharge various functions relating to the establishment and management of village schools, summary jurisdiction in small civil and criminal cases, village sanitation, community assets etc. The Commission also observed that resources should be assigned to the Village Panchayats in order to make them effective units of Government. In 1915 the Government of India issued a resolution accepting the recommendations of the Commission. This was followed by the Montague-Chelmsford Report in 1918 to the effect that there should be as far as possible complete popular control in local bodies and the largest possible independence for them of outside control. The Government of India Act 1919 transferred the subject of local self-government to the provincial governments. The States then began to take interest in the development of Local Self-Government institutions and passed the necessary legislation. The Government of India Act, 1935 and the introduction of provincial autonomy in 1937 brought into the limelight the development of Local Self-Government institutions.

3.5. After independence in 1947 the importance of local self-government at the various levels received further recognition. Article 40 of the Constitution of India contains a directive principle of state policy to organise village panchayats and to endow them with such powers and authority as may be necessary to enable them to function as *units* of self-Government.

3.6. The Community Development programme introduced in 1952 was designed to transform the social and economic life of the villages through the active participation and initiative of the village community. The ultimate object of the programme is not so much the achievement of physical targets but the building up of the community itself. The participation of the people in full measure is possible only through the organisation of elected democratic institutions. Until 1957, the programme was implemented mostly through Government initiative and partly through ad-hoc voluntary bodies like *vikas mandals* etc. In 1957 the Committee on Plan Projects appointed a study team to report on the achievement of the Community Development programme and to suggest improvements in the organisational structure and methods of work with a view to securing better results. On 12th January, 1958, the National Development Council endorsed the recommendations made by this Study Team. The following are the basic recommendations:—

- (i) There should be a three-tier structure of local self governing bodies from the village to the district, the bodies being organically linked up.
- (ii) There should be genuine transfer of power and responsibility to them.
- (iii) Adequate resources should be transferred to the new bodies to enable them to discharge these responsibilities.
- (iv) All developmental programmes at these levels should be implemented through these bodies.

- (v) The system evolved should be such as will facilitate further devolution and dispersal of powers and responsibilities in the future.

3.7. In the light of these principles State Governments have evolved patterns of Panchayati Raj (democratic decentralisation) suited to local conditions. Rajasthan, Andhra Pradesh, Madras, Mysore, Assam, Orissa and Punjab have already implemented the new system. Madhya Pradesh and Uttar Pradesh have passed the necessary legislation. The Bills of Maharashtra and Bihar are before the Select Committees of the State Legislatures. Gujarat is introducing the Bill in the ensuing Session of the State Legislature. A Draft Bill is under examination of the West Bengal Government. Appendix VI contains information regarding representation of cooperatives in the Panchayati Raj institutions and the powers and functions of Panchayati Raj institutions in the field of cooperation.

3.8. Though the recommendations of the Study Team on Democratic Decentralisation had the primary object of decentralising powers for the planning and implementation of development programmes, the legislation enacted in the various States and the actual working of the bodies indicate that these bodies are developing into local Governments rather than mere instruments of development. The functions assigned to the village panchayats, panchayat samitis and zila parishads cover a number of fields and in particular the responsibility for planning assigned to these bodies widens their scope of interest in many fields. Against this background the Conference of State Ministers of Community Development and Panchayati Raj held at Hyderabad in July, 1961 has prescribed a ten point test by which every tier in the system of panchayati raj should satisfy itself about the discharge of its responsibility.

3.9. Agricultural production having the highest national priority has the first place in the ten point test. This is followed by rural industries, development of cooperative institutions, development of local resources, assistance to economically weaker sections etc. As local governments, the panchayati raj institutions have a great responsibility in promoting cooperation which is an instrument of State Policy.

3.10. These institutions should take special steps for promoting and strengthening service cooperatives within their areas as agricultural production plans can be implemented only if credit and supplies are provided by cooperatives. In a progressively increasing measure these institutions must promote the fulfilment of the following so that ultimately every family is enabled to become a member, in its own right, of the village cooperative:—

- (i) Coverage of villages by cooperatives.
- (ii) Coverage of rural families by cooperatives.
- (iii) Total volume of credit given by cooperatives.
- (iv) Improvement in recoveries and overdues.
- (v) Supplies and services made available by cooperatives.

- (vi) Volume of produce marketed through cooperatives.
- (vii) Volume of produce processed through cooperatives.
- (viii) Organisation of artisans into cooperatives.
- (ix) Increase in share capital and deposits of cooperatives and small savings.
- (x) Progress in giving loans against production plan.



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## CHAPTER IV

### The approach to the problem

Cooperatives have now existed in this country for about 60 years and village panchayats in some form or another for many centuries. Under colonial rule neither the cooperatives nor the panchayats had, however, become vital institutions for the regeneration of the nation. The transformation that both these institutions have undergone during the years since independence and particularly during the last three or four years has been described in the last two chapters. The community development programme had precipitated new thinking on the subject and exposed the inherent weaknesses of both cooperative and local self-governing institutions. The Balwantrai Mehta Committee realised that these two sets of institutions were very closely connected with the programme of community development and that it would be useful if they were brought under the Ministry which deals with the coordination of rural development activities, i.e. the Ministry of Community Development.

4.2. The cooperative and the panchayat are the primary agencies for carrying out the community development programme which aims at the improvement of all aspects of rural life through the efforts of the people. There is a close ideological connection between the cooperative movement and panchayati raj. Both can be regarded as instruments of democracy—cooperatives in the economic sphere and the panchayats in the political or administrative sphere. Both lead to democratic decentralisation and enable the citizens to acquire such qualities as self-confidence, self-reliance, and orderly and business-like habits. Both create a congenial atmosphere for rise of leadership among the rank and file and thus can prove a training ground for democracy. Cooperation with its emphasis on "one man one vote" and with its capacity to combine freedom and opportunity for the small man with the benefits of large scale management is obviously the most suitable agency for setting up decentralised units in agriculture and industry. Since cooperatives and panchayats are both facets of democracy a sense of mutual assistance and support among these institutions will facilitate the establishment of a cooperative commonwealth as well as a panchayati raj in India.

4.3. Panchayati Raj under which the village panchayat is an integral part of the three-tier structure of administration is a comparatively new concept. Some experience of the actual working of this concept is available only in three or four States. The Group has, therefore, been somewhat handicapped by the lack of sufficient experience of the working of panchayati raj institutions and their relationship with the cooperatives. The Group, however, is of the view that the present time is appropriate for defining the relationship as clearly as possible so that their true character and role are recognised and conflicts do not arise in future. This is particularly

important because both the cooperative movement and panchayati raj are gathering strength and in the absence of clear demarcation of functions, they may quite conceivably come into conflict.

4.4. In the Third Five Year Plan panchayati raj has been described as a set up of inter-connected democratic institutions at the village, block and district levels, the primary object of which is to enable the people of each area to achieve intensive and continuous development in the interest of the entire population. The plan emphasises that it is of the highest importance that there should be clear recognition of the distinct role of federal cooperative organisations functioning at the state and district levels in the field of banking, marketing, processing, distribution and education and training. It is pointed out that large obligations are undertaken by these cooperatives organisations and they should be enabled to fulfil them in accordance with the approach and principles of the cooperative movement.

4.5. There are two extreme views on the subject of inter-relationship between the panchayat and the cooperative. Some of the representatives of the Sarva Sewa Sangh may be taken as representing one extreme view which is in favour of marginalising the cooperative in the panchayat and having only one institution discharging all developmental functions in the village. A slight variation of this view is that the cooperatives should be completely subordinated to the panchayat and the previous approval of the panchayat should be obtained before the cooperative society undertakes any activities or functions. The cooperative should also hand over a part of its profits to the panchayat.

4.6. The argument advanced in support of this proposition is roughly as follows. The resolution of the National Development Council on Cooperative Policy envisaged that in a rural cooperative the members should have a sense of mutual obligation and concern for the rehabilitation of the weaker sections of the community. By working together with the common objective of raising the standard of living of all sections of the population the community develops cohesion and unity. This concept of a rural cooperative has actually been embodied in the third five year plan which also states as follows:—

“At the level of the village, cooperation implies the development of land and other resources and various services in the common interest of the village as a whole and a continuing obligation on the part of the village community towards all its members. It is, therefore, visualised that as part of a larger cooperative rural economy, the broad aim of policy should be to develop the village as the primary unit of organisation in agriculture and in many other economic and social activities which bear closely on the welfare of the rural population”.

It is argued that the objectives of social cohesion and unity are inconsistent with the fact that (i) in a cooperative members come together for mutual benefit only and (ii) membership of the cooperative is voluntary and optional so that not all the village people actually become members. Mutual benefit may exclude the benefit of



non-members and a cooperative by its very nature can hardly have the object of raising the standard of living of all the people. As it is, in our villages the interests of some persons conflict with those of others. The landless labourers want more wages. The cultivators employing them are interested in giving less. Both of them may be members of the same cooperative but this does not automatically resolve their economic conflicts. Our service cooperatives today have little to offer to the landless labourers and therefore the latter would have no interest in becoming their members.

4.7. On the other hand the village panchayat is an institution which represents all the people. If given economic functions it can serve the interest of all the members and only such a body can play a determinate role in bringing about "social cohesion and unity". There is, therefore, much to be said for a single body being given both administrative and economic functions. In fact in homogeneous societies like the Mushavims in Israel there is only one institution discharging both functions. These Mushavims are as democratic institutions as any in the world. Even if it is not possible to combine the work of the panchayat and the cooperative in a single institution the panchayat should have complete control over whatever activity the cooperative society undertakes and should get a part of the profits of the cooperative. In the absence of such a relationship conflicts would occur whenever the mutual benefit of the members conflict with the benefits of all. In the interest of social cohesion and unity the panchayat and the cooperative should either be one or at any rate the cooperative should be subordinate to the panchayat.

4.8. The other view emphasises that cooperatives are purely voluntary organisations of different interest groups bound by certain contractual obligations. The cooperative movements in other countries are not controlled by the Government and government interference is resented by all cooperatives. The autonomy of the cooperative movement is zealously guarded in all countries and some measure of autonomy is given even in totalitarian countries. It is true that in our country for historical and other reason the movement has been government-dominated to a large extent. Serious efforts are now being made to free the movement from Government domination and make it really a movement of the people. In this context it is not desirable that the cooperative should have anything to do with the statutory local authorities. The cooperatives are also essentially business organisations and the business has to be managed in the interest of the members by themselves. Fields of business and economic activity which can be looked after by voluntary associations of interested persons taking the form of a cooperative should be the spheres of the cooperatives and local authorities should not enter into them.

4.9. There are, of course, numerous different shades of opinion between these two extreme positions. Those who advocate the merger of the cooperative in the panchayat seem to be under the impression that it is the aim of panchayati raj institutions to build up a monolithic structure of administration. The very idea of panchayati raj is to provide the widest possible dispersal of authority so that associations of people with different functional interests can execute programmes under the overall guidance and assistance from panchayati raj institutions. In fact plurality of institutions with their

61 C.D. & C.—2.

higher echelons and federations are inherent features of all democracies. The dispersal of authority should not merely be vertical but also horizontal as between the panchayat and other associations of the people. While coordination between the panchayat and such associations and prevention of overlapping of functions are important considerations, complete subordination would represent a totalitarian trend.

4.10. The other important fact that has to be recognised is that the panchayati raj institutions with their powers and responsibilities will have the position of governments at that level even though in a limited sense. It, therefore, follows that the view that the cooperative should have nothing to do with the local authorities is not tenable. The panchayati raj institutions are being made responsible for all developmental activities within their area. The field of cooperatives which is so intimately connected with the welfare of the rural people must, therefore, be one of the fields in which government's powers should be decentralised to local institutions. If the panchayats have general responsibility regarding planning, promotion and development of cooperatives they will also have to ensure that these institutions fulfil their social objectives and act as instruments for securing cohesion and unity in the villages. Methods have, therefore, to be devised under which the panchayati raj institutions can discharge such responsibilities without affecting the role of cooperative institutions as voluntary organisations of the people.

4.11. It is necessary in this connection to have a very clear idea of the nature of the cooperative form of organisation in this country. A cooperative society really means a group of people with common economic interests who have voluntarily organised themselves according to certain well known cooperative principles into a corporate entity for the purpose of conducting some business activities. Registration under cooperative law gives the society its corporate character and the byelaws of the society define its legal rights and obligations not only as between its members but also externally *vis-a-vis* outside bodies e.g. a bank which lends to it. As a corporate body the society has assets and liabilities, undertakes business and enters into financial transactions. The ultimate power in a cooperative society, therefore, must rest with all the members assembled in a general meeting and its autonomy has to be preserved, if it has to retain its cooperative character at all.

4.12. While there should be full recognition of the voluntary and business aspects of cooperatives, it is also true that in India cooperatives are being used as an instrument of national policy. The policy that has emerged since the National Development Council adopted its resolution in November, 1958 has laid great emphasis on the need for mutual obligation and concern on the part of the cooperative for the rehabilitation of the weaker sections of the community. These ideas have also been incorporated in the Third Five Year Plan. In building up a socialist pattern of society the character of the cooperative movement itself has to undergo a mutation and the emphasis on the egalitarian aspect of the programme becomes as important as the business aspect. As a matter of fact the large measures of State aid and the concessions provided by the Reserve Bank and the State

Bank of India are justified largely because of the expectation that the cooperatives will act as instruments of rural development rather than as interest groups formed round their sectional interest.

4.13. This view is particularly true of the service cooperatives which are expected to cover all the villages in the country. Steps are being taken to channelise all credit, fertilizers, seeds, insecticides, agricultural implements and other supplies solely through these service cooperatives. A monopoly for distribution is being created in favour of the cooperatives on the expectation that all cultivating families in the village will join these cooperatives, and derive advantage from them. While artisans cooperatives, labour construction cooperatives, tube-well cooperatives and other functional cooperatives may represent interest-groups coming together for specific purposes the service cooperative as the mother cooperative in the village is expected to encourage community feeling rather than to crystallize round an interest-group.

4.14. The principle has been clearly postulated in all policy announcements but its acceptance in the field is by no means universal. At any rate, the group has not come across a complete ideological acceptance of this approach. In other words the idea that a cooperative form of organisation is a business organisation but with a very large social content is not universally realised. In some cases the emphasis is entirely on the social content without realising that the cooperative has to run as a business enterprise. On the other hand there is emphasis on the voluntary character and business aspect of the cooperative without taking into account its role as an instrument of rural development and for bringing about a socialist pattern of society.

4.15. The panchayati raj institutions that are emerging also show an eagerness in some cases for getting powers over the cooperatives rather than assuming responsibility for their development. It is assumed that as these institutions will function as governments at the local levels, the cooperatives will be a subservient arm of these institutions. There is no sufficient awareness of the duty of the panchayati raj institutions to revitalise and strengthen the service cooperatives within their areas and to promote other forms of functional cooperatives for economic development. On the other hand there is a desire on the part of some of these institutions to achieve not coordination but subordination of the cooperative organisations.

4.16. Most of the representatives of cooperative organisations whom we met looked upon the panchayati raj institutions as hot-beds of politics. As political neutrality has been one of the basic principles of cooperation ever since the days of Rochdale, they think that any attempt at coordination with the panchayats will be a contaminating influence as it is bound to import politics into the cooperative. Some of the panchayat representatives on the other hand think that the cooperatives are exclusive bodies of a privileged few in the village and require to be watched and influenced by the panchayats if they are to fulfil their social purpose. While there is some truth in both these points of view we have not been able to fully accept the proposition that the panchayati raj institutions will be dominated by politics while the cooperatives will be free from such influence. There is little

doubt, that except where elections are unanimous they will be run on some sort of party lines. If the cooperative society embraces all the families in the village, as it is expected to do, the same party influences are likely to enter the cooperative also. Emergence of parties on the basis of development programmes affecting the rural areas may not be an unhealthy development and may provide the dynamics of local self-government. It is not clear whether even in the case of cooperatives, parties on such lines will necessarily be harmful. It is only an anaemic institution that will not arouse controversies and run on a purely non-party basis. Total isolation of cooperatives organisations from the panchayati raj institutions on the ground that the latter will be dominated by politics does not seem acceptable to us.

4.17. The group is of the view that the voluntary character and autonomy of cooperative institutions should be preserved and fostered to the maximum possible extent. That cooperative institutions are business organisations and accountable to their members alone for the results of their financial transactions has also to be recognised. At the same time, the committee would like to stress that the large measure of state assistance and guidance to the cooperative movement is justified because this form of organisation must be an instrument of social reform and rural development. The powers of the government with regard to the cooperative movement should certainly be decentralised and cannot be excluded from the list of powers which are being handed over to local self-government institutions. The local authorities should certainly assume a great deal of responsibility for the strengthening and promotion of cooperative enterprises within their areas. The panchayati raj institutions should not, however, be in a position to interfere with the business activities of the cooperative institutions any more than government itself would be justified in interfering with their affairs. If the panchayat and the panchayat samiti have to look after the development of the community and the area in their charge they will have to take care of all aspects of the community's life including the economic aspect. The cooperatives however should be able to function with considerable autonomy within broad frameworks of policies and priorities decided on by the planning and developmental bodies functioning at the appropriate levels.

4.18. Consistent with the preservation of the autonomous and business character of cooperatives, the largest measure of coordination must be achieved between panchayati raj institutions and cooperative organisations. The negative aspect of such coordination lies in avoidance of conflicts. Conflicts may arise mainly from overlapping fields of activity. It is, therefore, necessary either to delimit the functions precisely or to provide for a machinery that will delimit the functions from time to time according to local conditions. While broad allocation of functions may be attempted and certain organisational devices and procedures suggested for avoiding conflicts, what is really necessary is continuous collaboration between the two institutions. Attempts to lay down rigid devices and procedures may, in fact, defeat the very purpose for which they are meant. Collaboration at the village level can obviously be secured more on the

basis of personal relationship and conventions than through procedural devices. The Group is, therefore, of the view that it is necessary to create an atmosphere under which healthy conventions of joint action may develop between the two sets of institutions. A very rigid demarcation of functions may prevent emergence of such connections and any formalised or rigid mechanism for coordination will be limited in its usefulness by the human factors involved.

4.19. The general conclusions outlined above have been worked out in greater detail in the subsequent chapters.



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## CHAPTER V

### **Relations between service cooperative and the village panchayat** *Promotion and Development of Cooperative Institutions*

The Third Five Year Plan lays down that panchayati raj institutions should promote the development of cooperatives and should endeavour to create a climate of community effort and social responsibility such as are vital for the successful functioning of cooperatives at all levels. It has also been decided in the Conference of State Ministers of Panchayats held at Hyderabad in 1961, that promotion of cooperation will be one of the ten point tests of panchayati raj. In fact the Conference suggested the following criteria for measurement of success in this direction:—

“Panchayati Raj institutions should take steps for promoting and strengthening service cooperatives within their areas as agricultural production plans can be implemented only if credit and supplies are provided by cooperatives. Revitalisation of service cooperatives should be an important task.

It should be the primary responsibility of the panchayati raj institutions to promote the fulfilment of the following in a progressively increasing measure so that ultimately every family is enabled to become a member, in its own right, of the village cooperative:—

- (i) Coverage of villages by cooperatives.
- (ii) Coverage of rural families by cooperatives.
- (iii) Total volume of credit given by cooperatives.
- (iv) Improvement in recoveries and overdues.
- (v) Supplies and services made available by cooperatives.
- (vi) Volume of produce marketed through cooperatives.
- (vii) Volume of produce processed through cooperatives.
- (viii) Organisation of artisans into cooperatives.
- (ix) Increase in share capital and deposits of cooperatives and small savings.
- (x) Progress in giving loans against production plan.

5.2. The group has not come across any difference of opinion on the point that the panchayat should have an important role in the promotion and development of cooperative institutions within its area. This would particularly apply to the service cooperative on which the panchayat will have to lean a great deal for carrying out its programme of economic development. For securing promotion, prospective members will have to be educated in the principles of cooperation and persuaded to form a cooperative if one does not exist

or to join an existing service cooperative. Dissemination of information on cooperation through organisation of talks and lectures by village leaders and by other means will have to be taken up by the Panchayat. With regard to development, the panchayats should help in increasing membership, deposits and share capital of the local co-operatives. It should be the duty of the panchayat to see that every family in the area joins the service cooperative and gives it full support. A general responsibility should also attach to the panchayat to see that the members use the credit received for the purpose for which it is given and that the members repay the credit in time.

5.3. The panchayat should provide accommodation to the service cooperative in the same premises where this is possible. Land for building godowns etc. and licences for undertaking processing activities should also be given to the service cooperative on a preferential basis. The service cooperative should also function as the banker to the panchayat and all the surplus funds of the panchayat should as far as possible be deposited with the cooperatives.

5.4. The panchayats can also play a very useful role in support of the educational programme undertaken by the cooperative unions. It is intended that the education of office bearers, members of managing committees and ordinary members would be taken up through peripetatic parties of instructors. It is necessary for these parties to get accommodation and to see that their programmes receive adequate publicity and are well attended. The district cooperative union or the state cooperative union should send an advance programme of all such courses that are proposed to be undertaken in every panchayat. The panchayat should help in providing accommodation to the training parties, in giving publicity to the programme and in seeing that the training facilities provided are adequately utilised by all the persons concerned.

#### *Delimitation of functions*

5.5. The National Development Council in its resolution on cooperative policy adopted in November, 1958 expressed the view that responsibility and initiative for social and economic development at the village level should be placed fully on the village cooperative and the village panchayat. In addition to this general indication the Council outlined specifically the various functions which the village cooperative is expected to undertake. These include:—

- (a) the provision of credit in close coordination with the production programme for the village and assistance in particular to those who do not obtain credit under ordinary commercial banking principles;
- (b) linking of credit with marketing;
- (c) the full use of irrigation facilities available including undertaking the responsibility for maintaining minor irrigation works and for excavating and maintaining field channels;
- (d) making adequate arrangements in the village for producing seeds and organic and green manures;

- (e) arranging for the distribution of fertilizers received for the village and their supply on credit to farmers;
- (f) promotion of animal husbandry and other programmes supplementing agriculture, including village industries;
- (g) application of improved techniques such as dry farming, contour bunding, soil conservation, etc.;
- (h) consolidation of holdings and other works of benefit to the community.

5.6. The Working Group on cooperative policy examined the question of functions of village cooperatives in detail and attempted to spell out the exact manner in which the different functions could be discharged. The working group was of the view that the functions enumerated above should not necessarily be undertaken by a single all purpose village society. It laid down the general proposition that the credit function which is of primary importance to all the people in the village should not be combined in the same organisation with other functions which involve long-term investments or financial risks. It was, therefore, suggested that other functions might be undertaken by separate functional societies organised for specific purposes. With regard to delimitation of functions between panchayats and cooperatives the Group was in favour of a flexible approach. It was pointed out that there were some functions which the panchayats alone could undertake and some which only cooperatives could discharge. At the same time there were other functions at the village level which it should be permissible for either the panchayat or the cooperative to take up according to the local circumstances. There should, however, be the fullest coordination between the panchayats and the cooperatives. The decisions on cooperative policy communicated to State Governments by the Government of India generally followed the lines recommended by the working group.

5.7. The working group on panchayats considered the question of the functions which should generally be assigned to them. This group was of the view that as the most important basic village institution responsible for the total development of the village the panchayat will have to have three classes of functions, administrative, judicial and developmental. In the initial period of their formation and growth it was suggested that panchayats should attend mainly to the developmental functions. As an appendix to the report a list of functions from one of the legislations on panchayats was given by the group by way of illustration. It must however, be stated that the group considered the question at a time when panchayati raj had not been introduced in any State.

5.8. Broadly speaking it is agreed that while the panchayat functions in civic and developmental spheres, the cooperative functions in the economic sphere. This is, however, an over-simplification of the problem. There is hardly any activity of a cooperative in which the panchayat is not interested. A cooperative deals with activities which contribute to the economic well-being of the community and the economic well-being of the community is the primary concern of the panchayat. It is, however, possible to indicate a number of



items with which panchayats are concerned in which cooperatives are in no way interested. These functions relate for example to sanitation and public health, public works, education and culture, village defence, social welfare or collection of land revenue. It is possible that a cooperative out of its common good fund may undertake some social welfare activities or educational or cultural activities for the village. Such efforts can, however, supplement the efforts of the panchayat in the same direction but these will be the exception rather than the rule.

5.9. It is largely with regard to functions that touch on the economic aspect of village life that there is likely to be overlapping of jurisdiction. Such economic activities fall mainly within 3 or 4 broad heads—agriculture, village industries and pisciculture. So far as agriculture is concerned, some of the functions which may overlap are mentioned below by way of illustration:

- (i) Preparation of village production plans and individual farm plans.
- (ii) Production of improved seeds.
- (iii) Preparation of organic manures.
- (iv) Land improvement schemes like soil conservation, contour bundings, digging of wells and field channels.
- (v) Procurement of food-grains, contact with regulated markets.
- (vi) Hiring out machinery and implements like tractors, pumping sets etc.
- (vii) Providing employment opportunities for rural man-power.
- (viii) Reclamation of waste lands and bringing them under cultivation, through landless labourers or otherwise.
- (ix) Crop protection.

5.10. Though the functions to be performed by the two agencies can be very roughly indicated it would be rather difficult to draw an absolute line of demarcation, as the agency responsible for the items concerned will have to seek cooperation of the other agency with a view to achieving the common good of the inhabitants of the village. Moreover, the functions that the panchayat or the cooperative can undertake will depend on the strength and competence of the two institutions and this differs widely from village to village.

The Group was of the view that it would not be helpful at this stage, to demarcate the functions into watertight compartments. The important point to bear in mind in this connection is that the cooperative even where they are strong, does not generally cover more than 50 to 60 per cent of even the cultivating families. It might, therefore, be necessary to provide for an interim arrangement under which the panchayat discharges some of the functions enumerated above till a very substantial portion of the rural families is brought within the cooperative fold. As and when the cooperatives become strong and broad-based it should be the aim of the panchayats to get as many functions performed through the cooperatives as possible. This will relieve the panchayats of their very heavy load of work and also give strength to the cooperatives. Another general principle

that might be laid down is that functions which can be run on business principles should generally be handed over to the cooperatives while functions which involve a heavy element of subsidy should be retained by the panchayats. Functions which call for community effort of the entire village as a corporate unit fall more appropriately within the area of the panchayat rather than the cooperative.

5.11. The question of preparation of village production plans and individual farm plans and the role of the cooperative and the panchayat in this regard is discussed separately in another section. The service cooperative is primarily concerned with the provision of short and medium-term credit, supply of agricultural and other production requirements and collection of surplus agricultural produce on behalf of the marketing cooperative. The panchayat should not attempt to take up these functions and should not, interfere with the work of the service cooperative in these spheres. In addition there may be functional cooperatives for purposes of tube-well irrigation, soil conservation, construction of field channels etc. Where appropriate functional cooperatives are available for discharging any of the functions enumerated above the panchayat should support and help such cooperatives rather than take up the activities themselves. Where such cooperatives do not exist the functions should be taken up by the panchayats as far as it is possible for them to do so. The panchayat should, however, encourage the growth of functional cooperatives for taking over these activities wherever possible.

5.12. With regard to village industries particularly agro-industries, panchayats will have to provide active encouragement if decentralisation in the economic field is to accompany that in the political field. Unless such agro industries are actively encouraged the panchayats will not be able to increase the avenues of employment and will not succeed in winning the goodwill and esteem of the people. Encouragement of village industries may take the form of promotion of artisans' cooperatives for each group of artisans like weavers, cobblers, oilmen etc. There is, however, a dearth of entrepreneurs whether cooperative or individual in our rural areas. If cooperatives of artisans are not available it might not be necessary to rule out the possibility of panchayats starting small industries for the benefit of the community. In agricultural processing industries the interest of the producers and the consumers are both involved and since the producers are also consumers there are no rigid interest groups in the village. In these circumstances it would be right that this class of industry is owned by panchayats which represent the whole community. In other words, the interest of the whole community must take precedence over that of a group. Where cooperatives are in a position to reconcile the interests of the individual and of the community preferential treatment should be accorded to them.

5.13. With regard to pisciculture certain village tanks are being handed over to the panchayats for the purpose. It is possible for the panchayat to lease out these tanks or to undertake pisciculture themselves. Where a fishermen's cooperative exist the panchayat should lease out the tank to such a cooperative without calling for competitive tenders. If there are sufficient number of fishermen in

the village steps should also be taken to actively promote such a cooperative if one does not exist. Till such time as such cooperatives come up the panchayat may undertake pisciculture directly.

5.14. The general trend of the recommendations above is that the panchayat should entrust economic activities to cooperatives as far as possible. As cooperatives grow in strength and embrace all sections of the village community more and more such functions can be entrusted to them. Meantime there should not be a no man's land between the areas of the activities of the panchayat and the cooperative and where cooperatives have not come up the panchayats might undertake these functions themselves.

#### *Co-terminous jurisdiction*

5.15. The question of having co-terminous jurisdiction is naturally linked with the decision regarding the fields of activity where co-ordination is necessary between the panchayat and the cooperative. We visualise that the panchayat will take a general promotional interest in the cooperatives and progressively discharge most of its economic functions through the agency of the cooperatives. Close coordination between the two institutions will also be necessary for preparing and implementing the village production plan and the individual farm plans. It is clear that such coordination can be better achieved if the panchayat and the cooperative have co-terminous jurisdiction. It is proposed to have about 2,30,000 service cooperatives by the end of the Third Five Year Plan covering all the 5½ lakhs villages in India. The total number of panchayats is also likely to be roughly the same. On the face of it, it does not, therefore, seem impracticable to have co-terminous jurisdiction.

5.16. There are, however, a number of practical difficulties in applying such a formula rigidly. It is true that the National Development Council in its resolution on cooperative policy in November, 1958, expressed preference for co-terminous jurisdiction between panchayats and co-operatives. The National Development Council also prescribed several other criteria regarding size. There has been a great deal of debate on the question of the size of the village cooperative and the final decision has been conveyed in the Government of India's letter of 4th October, 1960. This letter envisages organisation of cooperatives on the basis of the village community as the primary unit. Where villages are too small the number of villages to be covered may be increased in the interest of viability. The extension would, however, be subject to the maximum limit of a population of 3,000 and a distance of not more than 3 to 4 miles from the headquarters village. The letter also enjoins that particular care should be taken to see that existing societies are not interfered with. There are at present over two lakhs of primary village co-operatives already in the country of which about 8,000 are large sized societies. Organisation of new societies is on the lines indicated in the Government of India's letter. It takes a long time to build up a co-operative institution and continuous interference with the pattern of organisation with a view to conformity with new ideas coming up from time to time is ~~likely to~~ <sup>likely to</sup> create utter confusion. The Group is, therefore, on the view that, while conterminous jurisdiction should be the long range objective, it would not be

desirable to insist on this as a rigid principle as this would interfere with the working of nearly two lakhs autonomous co-operatives already on the ground. In due course they will fit into the broad pattern.

### *Question of having common staff*

5.17. In many cases neither the panchayat nor the cooperative is financially in a position to employ a full-time paid secretary. The Group therefore wanted to explore the possibility of employing one person for both the institutions in the village. It was expected that this might also lead to closer coordination between the two institutions. This view has, however, been almost generally opposed. In the first place it was stated that the work load of the secretary of both the institutions was likely to increase a great deal and the posts need not be combined. Secondly, it was pointed out that the types of training needed for the two posts were different and it would be difficult to get suitable personnel at the village level who would be competent to service both the institutions. It was also held that as the cooperative was a voluntary institution it had full right to appoint its own secretary. In some States the post of secretary to the panchayat is included in a government cadre and the incumbent has to carry out certain revenue functions, also. In such a situation it would not be possible for the cooperative to employ such a person as its secretary. It was pointed out to us that it would be better even to have one group secretary for a number of cooperative societies and another group secretary for a number of panchayats rather than combining the staff of the two institutions. In view of this the Group would not recommend combination of staff of the two institutions.

### *Drawing up of village production plans and individual farm plans*

5.18. There is no doubt that the most important field in which there must be coordination between the village panchayat and the village cooperative is with regard to preparation of village production plans and of individual farm plans. The Group noticed that there were still considerable misgivings as to the feasibility of drawing up of such production plans and a great deal of confusion regarding the agency responsible for preparing and implementing them. The V. L. Mehta Committee which went into this question in some detail came to the conclusion that with rare exceptions there were no agricultural production plan for each village much less for each family and even the plans that were being drawn up in a few cases could not be said to be on the lines contemplated by the Government of India. They were also of the view that in the absence of adequate staff and supplies the preparation of production plans for all cultivating families did not, at present, seem feasible. They, therefore, recommended that arrangements should be made for providing necessary facilities including credit on the rough and ready basis of what are called normal credit statements prepared by primary societies. These statements could of course be improved upon from time to time.

5.19. Since the publication of the Mehta Committee's report in May, 1960 detailed instructions were issued by the Ministry of Community Development in their letter of 23rd June, 1960 regarding

drawing up of village production plans (Appendix VII). The respective role of the panchayat and the cooperative in the preparation of the village production plan was defined with some precision in paras 6, 7 & 8 of the letter. The preparation of plans for individual cultivators was left to the village cooperative under the system prescribed.

5.20. The question was again discussed in the Annual Conference of Community Development in Hyderabad in 1961 and on the basis of the decisions reached further details regarding the methods for preparation of village agricultural production plans were given in the Government of India's letter of 22nd July, 1961 (Appendix VIII). Under the revised instructions it was suggested that the agricultural production plans should be prepared for each revenue village. The village panchayat in collaboration with the village cooperative should be responsible for its preparation and implementation. Though no rigid frame-work need be prescribed for the purpose it was suggested that a committee called the agricultural production committee may be formed by each panchayat. The chairman/secretary or two other representatives of the cooperative may be co-opted on this committee.

5.21. It is obvious that planning has to be done with reference to resources available. According to the latest instructions the panchayat samiti is responsible for indicating to panchayats an estimate of resources which would be available to them from outside such as seeds, fertilizers, credit etc. To the extent credit is made available from block funds or from taccavi the panchayat samities may be in a position to give some indication of the volume of credit likely to be available. Since a policy decision has, however, already been taken that all help to cultivators should be channeled through the service cooperative the alternative sources of institutional credit are likely to be small and to dry up very soon. The credit that is likely to be available from the service cooperative will be determined to a great extent by its past performance and the financial position of the central cooperative bank from which it borrows. Obviously the central cooperative bank has to be brought into the picture if the order of credit that is likely to be available to the members of cooperatives in a particular crop season is to be predicted with any certainty. The panchayat samiti cannot provide this data without consultation with the central cooperative bank. If the intention is that the panchayat samiti should influence the central cooperative banks in its loaning policy this proposition is likely to be strongly resented by the cooperative movement. It is obvious that the financing bank must be completely free to decide as to the extent to which it should finance its affiliated cooperatives. With regard to supplies and services also the cooperatives will have to depend on the marketing societies and on the overall position with regard to the articles in demand. Here also it is not free from doubt as to whether an indication of the extent of supplies that will be available can be given by the panchayat samiti sufficiently ahead of the crop season.

5.22. We feel that for village agricultural production plans to be realistic it is necessary to know at least two months before the next cultivation season the amount of credit likely to be available to members of cooperatives and the extent of supplies that are likely

to flow. If procedures could be evolved under which the central co-operative bank would give such an indication and the different agencies responsible for supplies might also give a similar indication with regard to fertilizers etc., it would be possible to draw up a reasonably accurate village production plan. The need for close coordination between the village panchayat and the village cooperative in drawing up such a plan is obvious. The panchayat should take the initiative in drawing up the plan. There may be some persons who are in a position to implement the plan on their own resources without borrowing from the cooperatives. On the other hand there may be some persons who will require loans who are not members of the cooperatives. It should be the duty of the panchayat to induce such persons to become members of the cooperatives. The cooperatives would have a general interest in the village production plans and the individual plans of their members would be related to this plan. The suggestion made in the Hyderabad Conference regarding setting up of a production sub-committee of the panchayat is acceptable to us. Too much reliance should not, however, be placed on these mechanical devices. The plan should be discussed in detail in a meeting of the gram sabha called specifically for the purpose about 2 months ahead of the crop season. This will be a meeting of all adults in the village and the members and office bearers of the cooperatives must make it a point to participate in it.

5.23. Some experience in the preparation of individual farm plans has been acquired in the intensive district development scheme launched in seven districts. It has been found that fairly intensive staff of high technical efficiency is required for helping the farmers to prepare such plans. Preparation of individual farm plans all over the country must remain a fairly distant ambition. The normal credit statements, at present, prepared by village cooperatives may, however, be elaborated and made more scientific. Even for this purpose the cooperatives would have to be supported by technical advice and guidance at all stages by the extension officer for agriculture and the village level worker. To the extent it is possible to prepare individual farm plans we would suggest that the efforts should be limited to members of the cooperatives and the task of preparation should be entrusted to the cooperative itself.

#### *Machinery for collaboration*

5.24. The foregoing analysis makes the inter-dependence of panchayats and cooperatives sufficiently clear to justify continuous consultation and collaboration between the two bodies. As we have observed before, in the context of the conditions in the village more reliance has to be placed on personal relations than on formalised devices for consultation. Nevertheless it is necessary to provide an institutional device which will enable systematic consultation between these two bodies. The Study Team (1961) under the chairmanship of Shri R. K. Patil which examined the working of panchayat raj in Andhra Pradesh has drawn attention to the lack of coordination between the panchayats and the cooperative societies in the matter of agricultural production. They found that frequently the two institutions worked in their own spheres and there was no coordination between them. Only when the same person was in

effective power in both the institutions harmonious relations prevailed. This highlights the necessity for devising methods for close collaboration.

5.25. The Group has carefully examined the suggestion that a representative of the panchayat should be on the service cooperative and *vice versa*. Though apparently attractive, this is hardly likely to secure that degree of continuous consultation between the two bodies which we are aiming at. Secondly the cooperatives are autonomous business institutions and are rightly resentful of nominations on their managing committees. The tendency is to do away with such nominations and if the panchayat can be represented only through such nominations on the cooperatives, such representation would be a retrograde step. Taking all these factors into account we are of the view that mutual representation of one body on the other is neither necessary nor likely to be helpful.

5.26. We have accepted above the recommendations of the Annual Conference on Community Development held in Hyderabad in 1961, regarding setting up of agricultural production committee of the panchayat in which the service cooperative will be represented. For the limited purpose of preparing and implementing village production plans and individual farm plans such representation might be adequate. But as we have pointed out above there is a certain area of overlapping jurisdiction between the two institutions which does not admit of very clear demarcation at the present stage. In order to prevent overlapping and duplication of efforts and to foster coordination economic development of the village it is necessary that there should be some other machinery for collaboration.

5.27. The suggestion that the Group considers most workable is that the panchayat as a body and the entire managing committee of the cooperative might meet at least once a quarter to thrash out all common problems. The panchayat should take the initiative in calling the meeting. This joint meeting will naturally be informal in character and will not be enjoined by any statute relating to panchayats or cooperatives. It should be possible to arrange for such informal meetings on the basis of executive instructions issued from higher panchayat and cooperative organisations.

5.28. While the autonomy of the village cooperative has to be accepted the supreme authority in the village, namely, the gram sabha should certainly have a right to discuss matters relating to the service cooperative in so far as they affect the economic development of the area. The loan policy of the cooperative, the quantum of loans given to smaller cultivators and tenants, the type of security insisted upon etc., are subjects in which the entire gram sabha is legitimately interested. It may not be necessary for purposes of such discussion to obtain a report from the service cooperative or to call for any papers, though it would be helpful if the relevant facts and figures were voluntarily placed before the sabha by the cooperative. The general facts relating to the working of the cooperative in the village are likely to be well-known in the area and the gram sabha should be free to formulate its opinion in this particular sphere of development as in any other. The village cooperative will no doubt take note of the views of the gram sabha which may be sent to the

block panchayat samiti through the panchayat. The block panchayat samiti may communicate these comments to the zila parishad which may take them up with cooperative institutions at the district level or with the Assistant Registrar, if necessary.

5.29. The two concrete suggestions of the Working Group are the arrangements for quarterly meetings of the panchayats and the managing committees of the cooperatives and for discussion of the work of the service cooperative in meeting of the gram sabha held from time to time. Ordinarily at the village level there is a great deal of common membership and quite a number of sarpanches and panchas are also members of the managing committees of the cooperatives. It is on such factors and on personal relationships that a suitable machinery for consultation may be evolved in the rural areas.

#### *Gramdan Village Bhoodan Areas*

5.30. There are 4,758 gramdan villages in 14 states. 75 per cent of these villages are concentrated in 20 districts of Orissa, Andhra Pradesh, Kerala and Maharashtra, Orissa alone accounting for 40 per cent.

5.31. A model Gramdan Bill was circulated to state governments in 1958 but the progress made in the enactment of legislation is slow. The Rajasthan government has passed the Act. The Madras Bhoodan Act contains a special provision for gramdan villages. According to Rajasthan Act as well as the model bill, there would be a gram sabha in every gramdan village. It would consist of all adult residents. The gram sabha would arrange for cultivation of lands vested in it. Cultivation can be undertaken either individually or jointly. The gram sabha could also issue loans. It is empowered to collect land revenue, other cesses and rates. The gram sabha can borrow funds on the security of its assets, *excluding lands*.

5.32. The main problem of gramdan villages is lack of adequate and timely supply of credit for production and other purposes. About 1000 cooperative societies have been started during the past two years in some of the gramdan areas. A separate set of byelaws has been formulated for these societies but, by and large, they have not been able to render the help expected of them due to the fact that the gram sabha has no power to alienate or transfer the land and under such conditions it is difficult for the cooperative financing agencies to provide funds for cooperative societies.

5.33. We understand that this question has been considered recently, and that the view held was that gramdan being a new concept would not fit in with the accepted pattern of service cooperatives, cooperative farming or industrial cooperatives. The gram sabha also cannot automatically be recognised as a cooperative society. Under such conditions some special arrangements will have to be made to fulfil the functions of service cooperatives. We understand that government is considering making arrangements for special funds to meet the credit requirements in these areas and that the gram sabha would, for all practical purposes, function as a cooperative society with these special funds. The gram sabha will thus perform the functions of both the panchayat as well as service cooperative in these areas.



## CHAPTER VI.

### **Relations between co-operative institutions and panchayati raj organisations above the village level.**

6.1. The relationship between panchayats and co-operatives cannot be properly dealt with without entering into the larger question of the relationship between panchayati raj and the cooperative movement. Since panchayats at the village level have to be an integral part of the whole system of panchayati raj and the village co-operatives have to be an integral part of the entire structure of the co-operative movement, whatever relationship has to be established between the village panchayats and the village co-operatives has to be fitted into the pattern of relationship that has to be developed between panchayati raj and the cooperative movement. In fact, this larger pattern has to be a part of the still larger effort of organising the community for purposes of development.

6.2. Panchayati raj contemplates that the technical officers at the block level under the leadership of the block development officer will be at the disposal of the block panchayat samiti and assist the samiti to carry out its developmental activities. The picture at the district level is not, at present, uniform. The Maharashtra bill provides that all technical officers at the district level will also be placed at the disposal of the zila parishad. We feel that the Maharashtra model will have to be generally followed if the zila parishads are to be effective. In the exercise of statutory powers delegated to these technical officers they should continue to be responsible to their technical heads of departments. The general power of superintendence should be with the local bodies and the assistant registrar should be accountable to the zila parishad for his work. Under such an arrangement the assistant registrar will keep the zila parishad informed about all important developments in the field of cooperation. Similarly the cooperative extension officer will keep the panchayat samiti informed of important cooperative developments in the area. We recommend that this pattern of administration should be generally accepted all over the country.

6.3. One of the responsibilities of the panchayati raj institutions is to create new avenues of employment in the rural areas. Promotion of rural industries assumes great importance in this connection. Facilities should be provided on a preferential basis to cooperative societies of artisans for starting such industries. In individual cases individual entrepreneurs will also be assisted. There is, however, a lack of entrepreneurs both private and co-operative in the rural areas. The necessary capital and technical skill are not also easily available. In our mixed economy industrial activities are undertaken by the Central and State Governments in the public sector. Similarly, the zila parishads and the panchayat samitis at their respective levels might find it necessary

to undertake certain industrial activities directly. A great deal of caution will naturally have to be observed in undertaking these activities and it will have to be ensured that the primary developmental role of these institutions does not suffer on account of such activities. At the same time we recognize that the panchayat raj institutions will be in the best position to reconcile conflicting interests of consumers and producers in the rural areas and provide the necessary leadership in introducing industrial civilisation in the rural areas. We, therefore, recommend that in suitable cases panchayat raj institutions should undertake such industrial activities.

#### *Machinery for collaboration*

6.4. As the block panchayat samiti has to plan and execute all the developmental activities at the block level it is essential that it should take a promotional interest in cooperative institutions. It is usual to have a cooperative sub-committee of the samiti for discharging the general functions of the samiti with regard to cooperative activities within its area. In this sub-committee representatives of the appropriate cooperative organisations might be co-opted. Except for primary marketing societies there are no cooperative organisations with the block as the area of operation. A representative of the marketing society may, of course, be co-opted. In addition it might be of advantage to co-opt any Director of the central cooperative bank who is resident in the area of the block. The co-opted members of this sub-committee on cooperation should be associate members without voting rights in order to avoid infiltration of possible political influences into the cooperative. Reciprocal representation of panchayat samitis on cooperative organisations will involve nomination and is also not considered desirable or necessary.

6.5. As we have pointed out before the gram sabha should have a right to discuss the affairs of the service cooperative in the village. Similarly, the block panchayat samiti must have a general right to discuss the progress with regard to different branches of the cooperative movement within the block. The co-opted members of the sub-committee on cooperation might be called upon to give a factual account of what is happening in this sphere. The reports of the proceedings of the gram sabha forwarded by the panchayat on the subject of service cooperative might be discussed. The extension officer for cooperation should also be able to provide the samiti with a detailed account of what is happening in the field of co-operation. The suggestions that the block panchayat samiti might have for effecting improvements might be forwarded to the zila parishad for further action.

6.6. At the zila parishad level also the appropriate machinery for coordination is a functional sub-committee on cooperation on which the chairmen of all the district level cooperative organisations like the district central cooperative bank, the district land mortgage bank, the district cooperative union, the district marketing society and the district industrial society should be represented. This functional sub-committee should discuss the general progress of cooperative movement within the district and suggestions for improvement should be passed on to the assistant registrar and the appropriate district level cooperative bodies.

6.7. We do not visualize that the representatives of district level cooperative institutions who are co-opted in the functional sub-committee on the subject will have voting rights in the zila parishad. There is also no special advantage in the zila parishad having any reciprocal right of representation in the district level cooperative institutions. We would, however, suggest that the zila parishad should have a representative on the district cooperative union. The union is a promotional and educational body and it is a largely in these fields that the zila parishad can render maximum assistance. The zila parishad and panchayat samiti may be permitted to deposit their funds in central cooperative banks to the extent it does not affect the ways and means, position of the state government.

#### *Delegation of powers*

6.8. The Third Five Year Plan contains the following passage regarding the building of a self-regulatory cooperative movement: "Cooperation is a people's movement and initiative for cooperative development and responsibility devolve on cooperative institutions and their higher federal organisations. The building up of efficient federal organisations in all sectors of cooperative activity assumes great importance in this context. As these organisations grow in strength, more powers may be transferred to them and the departmental machinery may limit its activities to the minimum statutory duties of registration, audit, arbitration and inspection. Promotional work relating to cooperation, cooperative training, education and publicity are activities falling within the special province of cooperative unions. Cooperative unions at state and district levels should be strengthened to enable them to undertake these responsibilities and a strong federal structure should be built from the ground."

6.9. The question of delegation of powers has two clearly different aspects which are sometimes confused. The Registrars today have certain statutory and non-statutory powers with regard to cooperatives. It has been accepted as a policy that the powers of the Registrar should, in future, be confined strictly to those provided in the statute. Further it has also been suggested from time to time that some of these statutory powers should progressively devolve on cooperative institutions and their higher federal organisations. The object here is to make the cooperative movement self-regulatory and to substitute an external discipline by an internal self-discipline. As this Group is concerned only with the question of the powers that panchayati raj institutions should exercise with regard to cooperatives it is not really concerned with the stages by which the powers of the Registrar can be delegated to cooperatives and their federations. As panchayati raj institutions are expected to function as governments in their respective levels it has to be made clear that delegation of powers to these institutions will not have the effect of making the cooperative movement self-regulatory. The authority of the zila parishad or the block panchayat samiti over the cooperative movement will be an external authority in the same sense as the authority of the Registrar is as at present. The extent of powers that the zila parishad and the block panchayat samiti can be given over the cooperatives will have to be decided in this context.

6.10. The second aspect of the problem is with regard to handing over some of the powers which the Registrar exercises, at present, to the panchayati raj institutions. It may be plausibly argued that as the cooperative movement is at present submitting itself to this external discipline by the Registrar they would have no legitimate grievance if this discipline is transferred from the Registrar to the local self-governing institutions at the appropriate level. There are, however, two serious objections to this point of view. In the first place the cooperative movement is becoming self-reliant in a few states and is gradually shaking off official tutelage. If this process is frozen at the present stage of development and the local bodies as successors-in-interest to government assume powers corresponding to the Registrar, the cooperatives have no prospects of becoming self-regulatory in the near future. Secondly Registrar as a government officer is expected to be above political influences and is likely to take an objective view of things. It might not be reasonable to expect the same degree of objectivity from local bodies which will obviously be subjected to political influences. Moreover some of the powers of the Registrar are quasi-judicial in nature and such powers cannot be transferred to elective bodies.

6.11. Taking all these points into consideration we do not consider it advisable to effect transfer of any of the powers of the Registrar to the zila parishad and/or the panchayat samiti. Functions like registration, supersession of managing committees, approval and amendment of byelaws, levying surcharge on members, arbitration and liquidation are clearly quasi-judicial powers and should continue to remain with the Registrar. Audit is also a statutory duty of the Registrar which he performs through specially qualified staff and which cannot be transferred to elective bodies. The question of supervision is dealt with in a subsequent section.

6.12. There are certain measures of financial assistance which are available to cooperatives from government in the form of loans, subsidy and contribution to their share capital. The question of channelizing contribution to share capital through local bodies has been dealt with separately. With regard to loans and subsidies from government there is no objection to channelizing them through the zila parishad or the block panchayat samitis in accordance with the general pattern of financial delegation adopted in the state.

6.13. As the local self-governing institutions are responsible for the total economic development of their areas they have a direct interest in ensuring that eligible persons are not arbitrarily kept out of the cooperatives, particularly the service cooperatives. The tendency on the part of some managing committees to exclude new members constitutes a case for serious anxiety. At the instance of the Government of India statutory provision has now been made in many of the cooperative laws for a right of appeal against the decision of the managing committee not to admit a person as a member. This is in addition to the usual right provided in the byelaws for an appeal to the general body against the decision of the managing committee. The appeal to the general body is very satisfactory on paper but as the general body does not meet regularly the right of appeal largely becomes a dead letter.

6.14. It has been suggested to the Group that it would be proper to provide that appeals against non-admission might be heard by the panchayat samiti or the zila parishad. Obviously these elective bodies will not hear the appeals in their corporate capacity but delegate the power to their officers. The present system under which the appeals are heard by the Registrar is, therefore, not very different. All that seems to be necessary is to ensure that these appeals are dealt with promptly. The first step in this direction would be to see that the powers of Registrar to hear such appeals are delegated to the officers of the cooperative department functioning at the district or if possible at the block level. Secondly the managing committee of the societies should not be permitted to circumvent the provisions of law by merely withholding their decision on an application for membership. The law or the rules should provide that an application for membership must be considered within 15 days of receipt and a clear reply given within that period. If it is decided not to admit a person as a member reasons for the decision must be recorded and supplied to the applicant within the period of 15 days. If no decision is communicated within this period, it must be construed as a refusal and a right of appeal should lie with the applicant within a stated period. Once the appeal is filed the cooperative officer responsible should dispose of the appeal within a period of one month.

6.15. We have gone into this question in some detail because we attach considerable importance to the principle of open membership in cooperatives. The study team that recently went into the question of panchayati raj in Andhra Pradesh found several instances where prospective members were not being admitted to cooperative institutions. The enquiries made by the study team revealed that office bearers of some of the societies refused to admit new members for fear of losing control over them. We feel that the best method of breaking down resistance is to provide for prompt decisions at all levels. We do not think that the process will be simplified or rendered more effective if the powers in this respect of hearing appeals were to be given to the panchayati raj institutions sitting in their corporate capacity.

6.16. Complaints regarding delays in registration are also fairly common and have been reported by the study team on panchayati raj in Andhra Pradesh. Here also we feel that it is essential to delegate the powers of the Registrar to assistant registrars functioning at the district level. These assistant registrars will generally work under the control of the zila parishad and will be accountable to them. The rules should provide for a definite time limit of not more than two months within which application for registration should be disposed off. If registration is refused reasons will have to be assigned under the rules. Complaints relating to non-compliance with this rule will naturally be received both by the zila parishad and by the registrar of cooperative societies. We feel that complaints regarding delay in registration will be much less frequent if these procedures are adopted.

#### *Supervision*

6.17. We have visualised in all our recommendations that the zila parishad and the block panchayat samiti will take a continuous and

intelligent interest in cooperative development within their areas, will review their shortcomings and make suggestions for their improvements to the assistant registrar and the appropriate district level cooperative bodies. The administrative arrangements under which the assistant registrar functions under the zila parishad and the cooperative extension officer under the block panchayat samiti should facilitate such overall guidance over the cooperative movement.

6.18. The term supervision has applied to cooperative institutions has a restricted and technical connotation. Audit and inspection are sometimes confused with supervision of cooperative societies. As we have stated before we are of the view that the powers of audit and inspection as provided under the statute should continue to be with the Registrar. Supervision as at present understood includes both financial and administrative supervision. In a few states supervision is in the hands of central cooperative banks which undertake these functions through supervising unions which are federations of societies situated in a compact area. In this system the supervisors are employed by the central cooperative banks and are attached to the supervising unions. In several states supervision is undertaken by the cooperative banks themselves. In some other states the central cooperative banks are incharge of supervision without the agency of supervising unions.

6.19. The Rural Credit Survey Committee had recommended that supervision should be the responsibility of central cooperative banks. This recommendation was also generally supported by the V.L. Mehta Committee. The Reserve Bank is also in favour of this view. There has been a great deal of controversy on this issue and the decision so far has been not to disturb the *status quo* in each state. We are not called upon for pronounce an opinion as to the best agency for supervision. The limited question before us is whether the zila parishad or the block panchayat samiti should have any power of supervision over cooperative societies.

6.20. The representatives of the Reserve Bank were emphatic on the point that whatever other arrangements might be thought of for supervision the financing bank should have the right of financial supervision over its affiliated societies. We find no reason to question this proposition. The question before us is whether administrative supervision can be separated from financial supervision and if so whether the right of administrative supervision could be given to the local bodies. The Maharashtra bill gives the zila parishad such powers of administrative supervision.

6.21. The sub-committee appointed by the National Cooperative Development and Warehousing Board to go into the question of supervision had stated that "The main administrative functions of a supervisor are to ensure that the administration of the society is carried out in strict conformity with cooperative principles and in accordance with the byelaws of the society; to make sure that the office-bearers work in a spirit of harmony and justice, with a full understanding of cooperative principles and without taking undue advantage of their position; ensure that the suggestions received from the officers of the department are carried out; and to enquire into

complaints." The report of the committee on democratic decentralisation in Maharashtra considered that administrative supervision involved the examination of the general working of the society, its management and financial position with a view to improving the business standards adopted by the societies and their office bearers and also extending their activities. The committee thought that this type of supervision was really more constructive in nature and was the basis of promotional and extensional functions.

6.22. We have not been able to clearly distinguish between the administrative and financial aspects of supervision. At present no such duplicate arrangements for supervision exist. Where supervision is being done by departmental officers who are now being brought under panchayati raj institutions a certain overall power of supervision will automatically vest in zila parishads/panchayat samities. Where supervision is not done by departmental officers, the assistant registrar, the cooperative extension officer and other officers under them will still continue to exercise powers of inspection and audit. As these officers are expected to be accountable to local bodies it would be possible for these bodies to get full and up-to-date information about progress of the movement to review its shortcomings and to make suggestions for its improvement. Keeping these facts in view we do not think it necessary to recommend that the panchayati raj institutions should be vested with legal powers of supervision in its technical sense over cooperative societies. To the extent administrative supervision can be isolated from technical and financial supervision and it can be supported by appropriate staff without duplicating the existing machinery. Such powers may be vested in zila parishads/panchayat samities.

### *Education and Training*

6.23. As the third five year plan has pointed out that the promotional work relating to cooperation, cooperative training, education and publicity are activities falling within the special province of cooperative unions. Where such unions are not strong it is obviously necessary to build up a strong federal structure at least from the district level. The principle of de-officialisation in the matter of cooperative education has been accepted by all governments and this is not one of the responsibilities today of government. The district cooperative unions at the district level and the state cooperative union at the state level have been made exclusively responsible for education and training of non-officials. Even for training of officials the latest trend in thinking is to entrust the institutions to the state cooperative unions. The functions relating to cooperative education and training should not, therefore, be given to the zila parishads or the block panchayat samities. In playing their general promotional role with regard to the cooperatives the panchayat should, however, organise citizenship education, with a view to disseminating knowledge on cooperation. General publicity and propaganda for the cooperative movement can also be done by the panchayati raj institutions. Close collaboration may be maintained between the district cooperative unions and the zila parishads for dissemination of cooperative knowledge. Copies of the programme of training camps should invariably be sent to the zila parishads and

the panchayat samiti concerned in advance and the local bodies may be expected to render all possible help in giving publicity to the programme and inducing the non-officials to take advantage of them.

*Participation in share capital of cooperatives by panchayati raj institutions.*

6.24. While discussing the relations between panchayats and cooperatives at the village level we had not entered into the question as to whether the panchayats should take shares in cooperatives. We considered it more appropriate to discuss this question while dealing with the higher tiers of panchayati raj institutions. The Group had to give a great deal of thought to this question as completely divergent views were expressed by highly responsible persons working in the field.

6.25. Taking up shares by panchayati raj institutions in cooperatives may be done in two different ways—i.e. from resources provided by government or from its own resources. The policy now laid down by the Government of India visualises participation in share capital of primary village societies by government. The funds are provided as loans by the Reserve Bank of India to the state governments. The policy decision in this respect is that such participation should preferably be indirect, i.e. through the apex and central cooperative banks. Where this method of indirect participation is accepted there is obviously no scope for channelising the shares through panchayati institutions. The question is whether if the State decides to participate directly it would not be desirable to channel that participation through the panchayat/panchayat samiti/zila parishad.

6.26. The Group is definitely of the view that the federal character of the cooperative movement can only be reinforced if participation in share capital is indirect. Steps should, therefore, be taken to have indirect participation through central and apex banks wherever possible. Even where the state decides on direct participation the Group sees no advantage in routing such participation through panchayati institutions. Participation by the State will lend a certain amount of prestige to cooperative institutions and create confidence among shareholders and depositors. The effect is likely to be very much diluted if the shares are routed through panchayati institutions. Moreover such routing of shares will not lead to any net addition to resources.

6.27. The participation in shares of primary cooperatives is, at present, hedged with a number of restrictions in order to ensure that this is not made an excuse for interfering with the autonomous character of the cooperative. The tendency to interfere is likely to be much greater in the case of panchayati institutions than in the case of the state governments. One of the conditions at present stipulated is that 60 per cent members of the cooperative must be in favour of such participation and the central financing bank to which the society is affiliated should also favour such participation. Even if it is decided to channel state shares through panchayati raj institutions the restrictions on share holding should apply *mutatis mutandis* to panchayati raj institutions. The approval of the central



cooperative bank will thus have to be taken before the panchayat can take shares. As such approval is not likely to be forthcoming the provision will be infructuous and will only have the effect of creating suspicion within the cooperative movement. Taking all these facts into account we are of the view that even direct participation by the State is to be preferred to channeling such shares through panchayati institutions.

6.28. While there was complete unanimity on the point that State participation should not be channelised through panchayati raj institutions conflicting views were expressed before us on the question whether these institutions should take shares in cooperatives from their own resources. One view was that if the panchayati raj institutions have surplus funds it would be better for them to put these funds as deposits with the cooperatives as such investment will involve much lesser risk and probably would give better yields than investment in share capital. It was also suggested to us that panchayats were eager to take shares rather than to deposit their money in cooperatives because they wanted to dominate the cooperatives. The other view expressed on the subject was that unless panchayats could become institutional members of the cooperatives they could not be expected to take real interest in their work. It must frankly be stated that the Group has not been able to fully accept this argument. The panchayat as a major depositor in the village cooperative would have as much stake in it as if it were a nominal or even substantial shareholder. It might be safer and more appropriate for the panchayats to put their funds in the form of deposits rather than share capital. Institutional membership is not usually permitted in primary societies and the admission of panchayats as members might present certain difficulties. There would also be some anomaly involved in a planning and development body becoming one of the many shareholders in a cooperative. The Group therefore recommends that while panchayati raj institutions may invest all their surplus funds in the cooperatives at the appropriate level there is no particular advantage in such institutions taking shares in the cooperatives even out of their own resources.

## CHAPTER VII

### Relations with special types of cooperatives

7.1 The third five year plan assumes that once the processes of social and economic change gathers force and the rural community attains higher levels of skill and productivity, cooperation will have to meet larger and more complex demands and diverse cooperative organisations will continue to develop in tune with new needs and possibilities. At present more than 80 per cent of the rural families are dependent on agriculture for their livelihood and the cooperative activity in which they are most vitally interested is in the provision of credit supplies and services for agriculture. It is in this context that the service cooperative assumes such overwhelming importance and has to be treated as the mother cooperative in the village. With technological advance and diversification of the occupational structure in rural areas it is hoped that functional cooperatives covering a village or a group of villages will become more and more important. The relationship of the panchayats with these cooperatives also need to be gone into in some detail.

7.2. With regard to marketing cooperatives the panchayat should do everything possible to create conditions favourable to their working. Where regulated markets exist it is possible that the panchayats will be put in charge of such markets. It should be ensured that in the market committee the cooperative marketing society has sufficient representation. Where procurement of foodgrains is undertaken through the panchayat, the panchayat should appoint the marketing society as its agent. The panchayat should take a general promotional interest in the marketing cooperatives and protect them from unfair competition from private traders.

7.3 Development of cooperative processing is essential not only for increasing rural income and facilitating credit for production but also for building up a cooperative rural economy. The panchayats should help such societies by allotting suitable land for them and by sponsoring their applications for licences. The panchayat should also see that expansion of processing industries is co-ordinated with programmes for related village industries.

7.4 The panchayats and their higher organisations will have a special responsibility for helping cooperative farming societies within their area. It has already been decided that a measure of preference is to be given to cooperative farming societies in making financial assistance available both from provisions in community development blocks, and from those relating to agricultural production. The block panchayat samitis will have to see that this policy is implemented. Adequate technical aid and guidance must also be made available to such societies.

7.5 The importance of organising labour and construction co-operatives and of entrusting them with local works can hardly be exaggerated. It is essential that the works programmes of panchayats should be executed either through genuine labour co-operatives or through community effort in the village. It would not be enough for the panchayats to allot work to a labour co-operative where a sound labour co-operative exists. What is necessary for the panchayat is to take a positive interest in the promotion of such co-operatives as important instruments for providing employment in rural areas and reducing costs of construction.

7.6 Artisans should also be encouraged to come into co-operatives and the help available for them in the block budget should be channelised exclusively through co-operatives. Panchayats may entrust tanners co-operatives with the task of collecting carcasses of dead animals and flaying their skins. Artisans co-operative intending to use small machines should be helped to get their licences. Favourable treatment should also be given in the matter of allotment of land etc.

We have not recommended taking of shares by panchayati raj institutions in service co-operative. With regard to industrial co-operatives the position is somewhat different. There is, at present, no scheme under which state governments participate in shares of industrial co-operatives either directly or through central co-operative banks. It is necessary for the rapid development of industrial co-operatives that their share capital base should be strengthened. If the panchayati raj institutions have sufficient resources of their own from which they can take shares in industrial co-operatives we see no objection to such participation in cases where industrial co-operatives desire such participation.

7.7 Efforts should also be made to set up housing co-operative in selected villages and materials used like bricks, doors, windows and other components may be produced by co-operatives of artisans. The various provisions available in the plan should be used purposefully and as a matter of sustained policy so that appreciable impact can be made on the improvement of housing and living conditions. With the preparation of lay out plans for selected villages the policy of supporting and developing the housing co-operatives will become easier to implement.

7.8 In case of dairy co-operatives, panchayats may ensure that adequate grazing facilities are provided to the cattle belonging to the primary producers.

New Delhi.  
17th October, 1961.

Sd/- S. D. Misra—*Chairman*  
Sd/- Chintamani Panigrahi  
Sd/- H. C. Mathur  
Sd/- S. M. Joshi  
Sd/- P. Kesava Rao  
Sd/- A. Prakash  
Sd/- Ram Singh  
Sd/- A. C. Bandopadhyaya  
Sd/- G. D. Goswami—*Member-Secretary.*

## SUMMARY OF RECOMMENDATIONS.

1. The panchayat should have an important role in promotion and development of cooperative institutions within its area. The panchayat may take up the work of dissemination of information on cooperation through organisation of talks and lectures by village leaders and by other means. The panchayat should also help in increasing membership, deposits and share capital of the local cooperative and should see that every family in the area joins the service cooperative and gives it full support. The panchayat should also see that members use the credit received for the purpose for which it is given and repay their credit in time. (5.2).

2. (i) Panchayat should provide to the service cooperative accommodation in its premises where possible and also provide land for building godowns and give licences to cooperatives for undertaking processing activities on a preferential basis.

(ii) The service cooperative should also function as a banker to the panchayat and all the surplus funds of the panchayat should be deposited with the cooperative. (5.3).

3. Panchayat should help the cooperative union in its education programme in providing accommodation and in seeing that their programmes receive adequate publicity and are well attended. (5.4).

4. In the field of agriculture it is not proposed to demarcate the functions of the panchayat and the cooperative into water-tight compartments. The functions which can be run on business principles should generally be handed over to the cooperative while functions which involve a heavy element of subsidy should be retained by the panchayat. Functions which call for community effort of the entire village as a corporate unit fall within the area of panchayat rather than the cooperative. Where, however, the cooperatives have not become strong and broad based, it may be necessary to provide for an interim arrangement under which the Panchayat discharges some of the functions of a cooperative till the existing cooperative becomes strong and broad based. (5.10).

5. Where appropriate functional cooperatives such as irrigation societies, soil conservation societies etc., are available, the panchayat should support and help such cooperatives rather than take up the activities itself. Where such cooperatives do not exist, the function should be taken up by the panchayat as far as it is possible for it to do so. (5.11).

6. With regard to village industries, particularly agro-industries, panchayats will have to provide active encouragement in form of promotion of artisans cooperative for each group of artisans like

weavers, cobblers, oilmen, etc. If, however, the cooperative of artisans cannot be organized, the Panchayat might itself start small industries for the benefit of community. (5·12).

7. With regard to pisciculture, panchayat should lease out the tanks which belong to it to fishermen's cooperatives where they exist without calling for competitive tenders. If cooperatives do not exist, steps should be taken to actively promote such a cooperative of the fishermen. Till such time as such cooperatives come up, panchayat may undertake pisciculture directly. (5·13).

8. While co-terminus jurisdiction should be a long-range objective, it would not be desirable to insist on this as a rigid principle as this would interfere with the working of nearly two lakhs autonomous cooperatives already as on the ground. (5·16).

9. The combination of staff of panchayat and cooperative at the village level is not recommended. (5·17).

10. In drawing up the village agricultural production plans, there should be close coordination between the panchayat and the cooperative. For village agricultural production plan to be realistic, it is necessary to know at least two months before the next cultivating season the amount of credit likely to be available to members of cooperatives and the extent of supplies that are likely to flow. A procedure should be evolved under which the central cooperative bank and other agencies would give such an indication to the panchayat in proper time. The panchayat should take the initiative and draw up the plan which may be placed before a meeting of the Gram Sabha called specifically for the purpose. The members and office bearers of the cooperatives should make it a point to participate in this meeting. (5·22).

11. Preparation of individual farm plans all over the country must remain a fairly distant ambition. The normal credit statements at present prepared by village cooperatives may, however, be elaborated and made more scientific. To the extent it is possible to prepare individual farm plans, efforts should be limited to the members of cooperatives and the task of their preparation should be entrusted to the cooperative itself. (5·24).

12. Representation of the panchayat on a cooperative or vice-versa, is neither necessary nor likely to be helpful. (5·25).

13. The panchayat as a body and the entire managing committee of the cooperative may meet at least once a quarter to thrash out all common problems. This meeting may be informal in character and may not be enjoined by any statute relating to panchayats or cooperatives. (5·27).

14. While the autonomy of the village cooperative has to be accepted, the supreme authority in a village, namely the Gram Sabha, should have a right to discuss matters relating to service cooperative in so far as they affect the economic development of the area. The cooperative should help by providing relevant facts and

figures. The views of the Gram Sabha may be sent to the block panchayat samiti and to the cooperative which should take note of these views. (5.28).

15. In regard to Gramdan Villages, some special arrangements will have to be made to fulfil the functions of service cooperatives as Gram Sabha will perform the functions of both the panchayat as well as the service cooperative in such areas. (5.33).

16. All technical officers at the district level should be placed at the disposal of Zila Parishad. These technical officers should continue to be responsible to their technical heads of department. The general power of superintendence should be with the local bodies and the Assistant Registrar should be accountable to Zila Parishad for his work. Under such an arrangement Assistant Registrar will keep the Zila Parishad informed about all important developments in the field of cooperation. Similarly Cooperative Extension Officer will keep the Panchayat Samiti informed of important cooperative developments in the area. This pattern of administration should be generally accepted all over the country. (6.2).

17. As the Block Panchayat Samiti has to plan and execute all the developmental activities at the block level, it is essential that it should take a promotional interest in the cooperative institutions. The Samiti should have a Cooperative Sub-Committee for discharging this function in which representatives of the appropriate cooperative organisations might be co-opted. The co-opted members of this sub-committee should be associate members without voting rights in order to avoid infiltration of possible political influence into the cooperative. Reciprocal representation of the Block Panchayat Samiti on the cooperative organisations will involve nomination and is also not considered desirable necessary. (6.4).

18. The Block Panchayat Samiti should have a general right to discuss the progress with regard to different branches of cooperative movement within the block. The co-opted members of the sub-committee on co-operation might be called upon to give factual account of what is happening in this sphere. The suggestions of the Block Samiti may be forwarded to Zila Parishad for further action. (6.5).

19. The Functional Committee of the Zila Parishad should discuss the general progress of cooperative movement within the district and make appropriate suggestions for improvement. (6.6).

20. There is no special advantage in the Zila Parishad having a right of representation in the district level cooperative institutions. They may, however, send a representative on the District Cooperative Union as it can render maximum assistance to the Union in its promotional and educational activities. (6.7).

21. It is not advisable to effect transfer of any of the statutory powers of the Registrar to Zila Parishad and/or the Panchayat Samiti. Functions like registration, supersession of managing committees, approval and amendment of bye-laws, levying surcharge on members, arbitration and liquidation are clearly quasi-judicial powers and should continue to remain with the Registrar. Audit is also a

statutory duty of the Registrar which he performs through specially qualified staff and which cannot be transferred to elected bodies. (6·11).

22. There is no objection to channelising loans and subsidies from government to cooperatives through Zila Parishad or the Block Samitis in accordance with the general pattern of financial delegation adopted in the State. (6·12).

23. The rules should provide that an application for membership must be considered within 15 days of receipt and a clear reply communicated to the applicant. If no decision is communicated within this period, it must be construed as a refusal and a right of appeal should be with the applicant. Powers in respect of hearing appeals against non-admission of members need not be given to panchayati raj institutions sitting in their corporate capacity. They may remain with the Registrar who should delegate these powers. Appeals should be disposed of within a prescribed time-limit. (6·14 and 6·15).

24. Powers of Registrar in regard to complaints regarding delays in registration should be delegated to Assistant Registrars functioning at the district level. The Assistant Registrars generally work under the control of Zila Parishad and will be accountable to them. The rules should provide for a definite time limit within which application for registration should be disposed of. (6·16).

25. The panchayati raj institutions may not be vested with legal powers of supervision in its technical sense over cooperative societies. To the extent administrative supervision can be isolated from technical and financial supervision and it can be supported by appropriate staff without duplicating the existing machinery, such powers may be vested in Zila Parishads/Panchayat Samitis. (6·22).

26. (i) The functions relating to cooperative education and training should not be given to Zila Parishads or Block Panchayat Samitis. In playing their general promotional role with regard to cooperatives, the panchayats should organise citizenship education with a view to disseminating knowledge of cooperation and should do general publicity and propaganda for cooperative movement.

(ii) The Zila Parishad should maintain close collaboration with the District Cooperative Unions for dissemination of cooperative knowledge and for helping the latter in making arrangements for training camps. (6·23).

27. The federal character of the cooperative movement can only be reinforced if participation in the share capital by the State is indirect. Even where State decides on direct participation, there seems no advantage in routing such participation through panchayati raj institutions. (6·26).

28. While panchayati raj institutions should invest all their surplus funds in the cooperatives at the appropriate level, there is no particular advantage in such institutions taking shares in the cooperatives even out of their own resources. (6·28).

29. Panchayat should take a general promotional interest in the marketing cooperatives and protect them from unfair competition from private traders. (7·2).

30. The panchayat should help co-operative processing societies by allotting suitable land for them and by sponsoring their applications for licences. They should also coordinate the expansion of processing industry with programmes for related village industries. (7·3).

31. The panchayats and their higher organisations have a special responsibility for helping cooperative farming societies within their area. (7·4).

32. Works programmes of panchayats should be executed either through genuine labour cooperatives or through community effort in the village. Panchayats should take a positive interest in the promotion of labour cooperatives as important instruments for providing employment in the rural areas and reducing costs of construction. (7·5).

33. Artisans should be encouraged to come into cooperatives and the help available for them in the block budget should be channelised exclusively through cooperatives. The panchayat should give favourable treatment to the artisans' cooperatives in the matter of allotment of land etc. (7·6).

If the panchayati raj institutions have sufficient resources of their own from which they can take shares in industrial cooperatives, there is no objection to such participation in cases where industrial cooperatives desire such participation. (7·6).

34. Panchayats should make efforts to set up housing cooperatives in selected villages and materials like bricks, doors, windows and other components may be produced by co-operatives of artisans. (7·7).

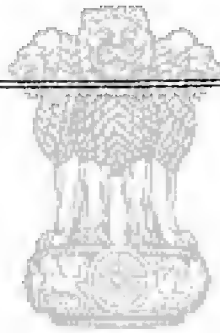
35. The panchayats may ensure that adequate grazing facilities are provided to cattle belonging to primary producers in the case of dairy cooperatives. (7·8).



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## APPENDICES

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## APPENDIX I

Government of India

Ministry of Community Development and Cooperation

(Department of Cooperation)

New Delhi, *the 22nd July, 1961.*  
*31st Asadha, 1883*

### NOTIFICATION

No. 8-11/61-Plan.—In its resolution on co-operative policy the National Development Council recommended that responsibility for social and economic development at the village level should be placed fully on the village cooperative and the village panchayat. These two institutions at the village level and their higher tiers must function harmoniously and play a complementary role to one another. Panchayati Raj has been in operation for some time in a few states and has already thrown up certain problems concerning its relationship with co-operatives. Government have, therefore, decided to constitute a Working Group to go into the question of their inter-relationship.

2. The terms of reference of the Working Group will be:

- (a) to study the working of Panchayati Raj in its relationship to and its impact on cooperatives in some selected states;
- (b) to suggest measures whereby cooperatives and panchayats can perform their respective roles without conflict and strengthen one another;
- (c) to suggest demarcation of responsibilities between the panchayats and cooperative institution;
- (d) to suggest concrete measures for securing co-ordination between the two sets of institutions.

3. The Working Group will consist of:

1. Shri S. D. Misra, Parliamentary Secretary, Ministry of Community Development and Cooperation.—*Chairman.*
2. Shri Chintamani Panigrahi, M.P., Orissa.—*Member.*
3. Shri H. C. Mathur, M.P., Rajasthan.—*Member.*
4. Shri S. M. Joshi, M.L.A., Maharashtra.—*Member.*
5. Shri P. Kesava Rao, President, Andhra Pradesh State Co-operative Union.—*Member.*
6. Shri G. D. Goswami, Joint Secretary, Ministry of Community Development and Cooperation.—*Member-Secretary.*
7. Shri A. Prakash, Panchayat Commissioner, Ministry of Community Development and Cooperation.—*Member.*

8. Shri Ram Singh, Joint Development Commissioner, Rajasthan.—*Member.*

4. The Working Group may undertake such tours as are necessary and may co-opt members during their visits to various states.

5. The headquarters of the Working Group shall be New Delhi.

(Sd.) M. R. Bhide,

Secretary to the Government of India.

Government of India

Ministry of Community Development and Cooperation

(Department of Cooperation)

New Delhi, the 28th August, 1961  
6th Bhādra, 1883

# NOTIFICATION

No. 8-11/61-Plan.—In partial modification of the Notification No. 8-11/61-Plan, dated the 22nd July, 1961, constituting the Working Group on Panchayats and Co-operatives, the Government of India has decided to appoint Shri A. C. Bandopadhyaya, Registrar of Co-operative Societies, Orissa as an additional member of the Working Group.

(Sd.) M. R. Bhide,

Secretary to the Government of India



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## APPENDIX II

Ministry of Community Development and Cooperation

(Department of Cooperation)

### WORKING GROUP ON PANCHAYATS AND CO-OPERATIVES QUESTIONNAIRE

#### A. General .

1. Should the panchayati raj institutions (village panchayats, panchayat samitis and zila parishads) have any role in regard to promotion and development of co-operative institutions? If so, what specific responsibilities should they have regarding development of co-operation in their areas in regard to (a) service, marketing and processing co-operatives, (b) industrial or artisan co-operatives, (c) labour co-operatives and (d) other types of co-operatives?

2. Should they enjoy powers corresponding to those of the government or the Registrar for discharging these responsibilities in regard to co-operative societies within their jurisdiction?

3. Has the introduction of panchayati raj at the village, block and district levels thrown up any problems concerning its relationship with co-operatives in your state? If so, please specify the problems.

4. Do the co-operative institutions receive support from the panchayati raj institutions and *vice versa* or is there any evidence of conflict between the two institutions?

#### B. Co-ordination

1. Is there any overlapping of functions between the service co-operative and the village panchayat with regard to economic development of the village and if so, is it possible to clearly demarcate the functions of the two? What in your view are the broad lines of such demarcation?

2. What are the spheres in which there is need of co-ordination between the two sets of institutions and what measures would you suggest to achieve the same?

3. It has been observed that the jurisdiction of a village panchayat is not always co-terminous with that of a service co-operative. Is it desirable that the jurisdiction should be the same? If so, what steps should be taken towards such end? Where they are not co-terminous what measures would you suggest to bring in co-ordination between the two institutions?

4. In places where the jurisdictions are co-terminous is it desirable and possible to integrate some of the staff of both the institutions in the interest of efficiency, co-ordination and economy?

5. A co-operative society is a voluntary organisation while a panchayat is a statutory organisation. To what extent will the voluntary character of a co-operative society be affected in seeking co-ordination between the two and what measures should be taken to maintain the voluntary character of the co-operative?

6. What should be the role of the village panchayat as well as the village co-operative society in a gramdan village? Is it possible to integrate both the institutions into one with common personnel in such villages?

### *C. Delegation of Powers*

1. It has been held that the Registrar should exercise only the minimum statutory powers of registration, inspection, audit, arbitration and liquidation. The other powers of the Registrar should be progressively delegated to federal organisations of the co-operative themselves:

- (i) What in your view are the minimum powers that the Registrar should retain?
- (ii) What are the powers of the Registrar which can be delegated in a phased manner to non-official institutions? Should such powers be delegated to the federal co-operative institutions like co-operative unions, central co-operative banks, apex marketing societies etc., or should they be delegated to the panchayat samiti and/or the zila parishad?
- (iii) Would you suggest that the power to hear appeals against the refusal of admission of members to the co-operative should be heard by the panchayat samiti or zila parishad?

2. Supervision of co-operative societies is now undertaken by co-operation departments, central co-operative banks or co-operative unions. Is it advisable to vest the zila parishad and/or the panchayat samiti with powers of supervision over co-operative societies? If so, should such supervision be in addition to the financial supervision exercised by financing banks?

3. The entire staff of government in development departments are being placed at the disposal of the panchayat samiti and the zila parishad. Do you anticipate any difficulty if the co-operative staff is placed at the disposal of the panchayat samiti/zila parishad?

### *D. Promotion and Development*

1. To what extent, can panchayati raj institutions assist in the co-operative member-education programme? At present, the District Co-operative Union as an agent of the State Co-operative Union is responsible for running the co-operative member-education programme at the village level. What measures would you suggest for co-ordinating the work relating to member-education programme at the village level and at the district level?

2. The Conference of State Ministers of Community Development decided that development of co-operation will be one of the tests of the success of panchayati raj. In what respects can village panchayats promote the growth of sound service co-operatives? What precise steps should the panchayat take for bringing all the families in the village within the service co-operative and for encouraging the building up of share capital and deposits of co-operatives?

3. The funds at present provided by Government for developmental work of items including co-operation would be passed on to the zila parishad or the panchayat samitis. Is there need for any safeguard to ensure that a reasonable portion of the funds are utilized for a balanced development of co-operatives?

#### *E. Representation and Participation*

1. Is it necessary for the panchayat to have representation on the managing committee of the service co-operatives? What is the existing position? Is nomination desirable or would you suggest some other alternative?

2. It has been decided that as a rule share capital participation by government in the service co-operatives should be indirect through the apex and central co-operative banks. Where government decides on direct participation, should such participation be through the village panchayats/panchayat samitis/zila parishads?

3. Should the panchayats/panchayat samitis/zila parishads take shares in the service co-operatives out of their own resources?

4. Should it be obligatory for the panchayats/panchayat samitis/zila parishads to deposit their funds with the co-operatives?

5. Should service co-operatives be represented on village panchayats? What is the existing position?

6. Should co-operative organisation like marketing societies functioning at the block level be represented on the panchayat samiti or on their functional sub-committees?

7. Is it necessary to have representatives of the panchayat samiti in such co-operative organisations?

8. Should central co-operative banks, district land mortgage banks, district marketing societies or other co-operatives at district level be separately represented on the zila parishad or on their functional sub-committees? As the district co-operative unions are expected to represent all sections of co-operatives in the district is it sufficient to secure representation only for the district co-operative unions in the zila parishad?

9. Is it necessary to have representatives of the zila parishad in the various co-operative institutions at the district level? Will it be sufficient if the zila parishad is represented only on the district co-operative union?

#### *F. Village Production Plans*

1. The panchayat is responsible for preparing village production plans. In what way can the service co-operative be effectively associated with preparation of such plans?

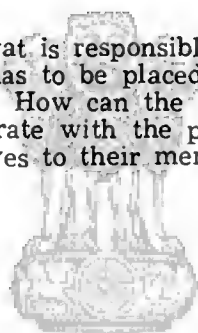
2. It has been suggested in the Conference of State Ministers of Community Development held at Hyderabad in July, 1961, that the panchayat should constitute agricultural production sub-committee which may have the following composition:

- (a) President of the panchayat or the resident representative of the village panchayat and three other panchas from the village.
- (b) Chairman/Secretary or two other representatives of the co-operatives.
- (c) A few progressive farmers, such as Gram Sahayaks.
- (d) A school teacher interested in agriculture.
- (e) Patwari/Karnam.
- (f) Secretary of the Panchayat.

Do you agree with this suggestion?

3. Should the service co-operative be responsible for preparing individual production plans for its members? If so, what should be the arrangement for making technical advice available to the service co-operative?

4. While the panchayat is responsible for implementing the production plans reliance has to be placed on the service co-operative for credit and supplies. How can the panchayat ensure that credit and supplies commensurate with the production plans are actually given by the co-operatives to their members?



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### APPENDIX III

#### **List of Authorities and Institutions to whom the Questionnaire was sent.**

1. Ministers incharge of Planning/Cooperation/Panchayats.
2. Chief Secretaries/Development Commissioners of all State Governments.
3. Secretaries incharge of Cooperation/panchayats.
4. Registrars of cooperative societies.
5. Directors of Panchayats.
6. Officials of the Ministry of Community Development and Cooperation and the Planning Commission concerned with cooperation and panchayats and other concerned Ministries.
7. Non-official members of the National Cooperative Development and Warehousing Board.
8. Members of Parliament.
9. National Cooperative Union.
10. All India Panchayat Parishad.
11. State Cooperative Unions/Banks/Land Mortgage Banks.
12. Sarva Seva Sangh.
13. Reserve Bank of India.
14. Shri Jaya Prakash Narayan.
15. Shri V. L. Mehta, Chairman, Khadi and Village Industries Commission.
16. Professor D. R. Gadgil, Director, Gokhale Institute of Politics.
17. Professor D. G. Karve.
18. International Cooperative Alliance, Education Centre, New Delhi.
19. Central Institute of Study and Research in Community Development, Mussoorie.

## APPENDIX IV

### List of Authorities and Institutions which replied to the Questionnaire

1. Central Institute of Study and Research in Community Development, Mussoorie.
2. National Cooperative Union of India.
3. Assam State Cooperative Union.
4. Punjab State Cooperative Union.
5. Uttar Pradesh State Cooperative Union.
6. Rajasthan State Cooperative Union.
7. Orissa State Cooperative Union.
8. Hyderabad Central Cooperative Union.
9. Madhya Pradesh State Cooperative Union.
10. Madras State Cooperative Bank.
11. Maharashtra State Cooperative Marketing Society.
12. Orissa State Cooperative Land Mortgage Bank.
13. Gujarat State Cooperative Land Mortgage Bank.
14. Punjab State Cooperative Land Mortgage Bank.
15. Government of Punjab.
16. Government of Orissa.
17. Government of Kerala.
18. Tripura State Cooperative Bank.
19. Registrar of Cooperative Societies, Kerala.
20. Registrar of Cooperative Societies, Mysore.
21. Registrar of Cooperative Societies, Madhya Pradesh.
22. Registrar of Cooperative Societies, Uttar Pradesh.
23. Manipur Administration.
24. Shri V. L. Mehta, Chairman, Khadi and Village Industries Commission.
25. Shri B. Mehta, Chief Secretary, Government of Rajasthan,
26. Shri M. R. Bhide, Secretary, Ministry of Community Development and Cooperation.
27. Shri P. V. R. Rao, Additional Secretary, Ministry of Community Development and Cooperation.
28. Shri B. D. Pande, Joint Secretary, Ministry of Community Development and Cooperation.
29. Shri B. Mukerji, Managing Director, State Bank of India.
30. Shri J. K. Modi, M. P.
31. Shri Krishna Rao, Sarpanch, Aloor, Hyderabad.
32. Laccadive, Minicoy and Amindivi Islands, Administration.
33. Bihar Cooperative Federation Ltd., Patna.

## APPENDIX V

### List of Authorities and Institutions with whom the Working Group held Discussions.

#### PUNJAB

1. Shri Gurbanta Singh, Minister for Panchayat and Cooperatives.
2. Shri A. L. Fletcher, Development Commissioner.
3. Shri S. S. Grewal, Secretary to Government, Department of Cooperation.
4. Shri M. L. Batra, Registrar of Cooperative Societies.
5. Shri Verma, Director of Panchayats.
6. Deputy Commissioner, Patiala.
7. Assistant Registrar of Cooperative Societies, Patiala.
8. S. Waryam Singh, President, Hari Cooperative Joint Farming Society Ltd., and Member Block Samiti, Patiala.
9. Shri Gian Chand, Managing Director, Distt., Industrial Union and Member of Block Samiti, Bhunerheri Shadow Block, District Patiala.
10. Shri Kulwant Singh, Director, The Samana Cooperative Marketing Society Ltd., and Member Block Samiti, Samana, District Patiala.
11. Shri Harbans Singh, Vice-President, The Samana Cooperative Marketing Society Ltd., and Member, Block Samiti Samana, District Patiala.
12. Shri Gurbachan Singh, Vice-President, Cooperative Marketing Society Limited, Patiala.
13. Shri Manohar Singh, a co-operator.
14. Shri Harbans Singh, Member, Panchayat Samiti, Patiala Block and a co-operator.
15. Shri Gurbachan Singh, a co-operator.
16. Shri Jaswant Singh, President, Marketing Society Sirhind and Member Panchayat Samiti Sirhind Block, District Patiala.
17. Shri Pitamber Singh, President, The State Cooperative Supply and Marketing Federation Ltd., Jullundur City.
18. Pt. Ram Dhan, M.L.C., Sonapat.
19. Shri Upkar Singh, Managing Director, Central Cooperative Bank Limited, Amritsar.
20. Shri Surat Singh, President Central Cooperative Bank Limited, Gurdaspur and Vice-Chairman, Punjab Co-operative Union.

21. Shri Bhopal Singh, Manager, District Whole-sale Society, Ambala.
22. Shri Chambel Singh, Manager, Central Cooperative Bank, Ambala.
23. Shri Kahn Singh, Director, Central Cooperative Bank, Ambala.

ORISSA (*At Bhubaneswar and Puri*)

1. Shri Bijoyananda Patnaik, Chief Minister.
2. Shri B. Sivaraman, Chief Secretary.
3. Shri M. Ramakrishnayya, Additional Development Commissioner.
4. Shri G. C. Dash, Secretary, Development Department.
5. Shri S. M. Patnaik, Joint Secretary, Development Department.
6. Shri Ramamurthy, Director of Community Projects.
7. Director of Gram Panchayats.
8. Shri Dandapet, Joint Registrar of Cooperative Societies.
9. Shri T. N. Saraf, District Magistrate, Puri.
10. Shri N. Tripathy, Additional District Magistrate, Puri.
11. Shri Swain, Sub-Divisional Officer, Puri.
12. Shri P. C. Samantasinghai, Chairman, Puri Zila Parishad.
13. Shri Gopabandhu Jena, Chairman, Panchayat Samiti.
14. Shri Gobinda Tripathy, Chairman, Panchayat Samiti.
15. Shri Lokanath Mishra.
16. Shri Artabandhu Das, Pleader.
17. Shri Jagannath Mishra, President, Puri Minaparh Central Cooperative Bank.
18. Shri Pani, District Development Officer.
19. Shri Krishna Chandra Mohapatra, Puri.
20. Shri A. Ratha, President, Khurda Central Cooperative Bank.
21. Shri Behera, Gram Panchayat Officer.
22. Shri S. C. Roy, Chairman, State Cooperative Union.
23. Shri Pollitt, Chairman, State Cooperative Society.
24. Shri Navi Rama Krishna Rao, President, Berhampur Central Cooperative Bank.
25. Shri Parekh, Project Executive Officer, Sarva Seva Sangh.

UTTAR PRADESH (*At Lucknow*)

1. Shri Iftikhar Hussain, Registrar of Cooperative Societies.
2. Shri Bhagwan Singh, Director of Panchayats.
3. Shri Dikshit, Additional Development Commissioner.
- 4 to 8. Five representatives from apex banks, central banks and service cooperatives.
- 9 to 13. Five presidents of zila parishads.

### MAHARASHTRA (At Bombay).

1. Shri Bhagwantrao Gadhe, Minister for Rural Development.
2. Shri T. S. Bharde, Minister for Cooperation.
3. Shri Vasantrao Naik, Minister for Revenue.
4. Shri N. N. Kailas, Deputy Minister for Cooperation.
5. Shri N. M. Tidke, Deputy Minister for Rural Development.
6. Shri N. T. Mone, Chief Secretary.
7. Shri M. V. Deo, Deputy Secretary, Cooperation and Rural Development.
8. Shri S. V. Chavan, Deputy Secretary, Cooperation and Rural Development.
9. Shri L. N. Bongirwar, Registrar of Cooperative Societies.
10. Shri N. D. Vaidya, Joint Registrar of Cooperative Societies.
11. Shri P. G. Savli, Officer on Special Duty (Democratic Decentralization Committee).
12. Shri N. K. Firodia, Chairman, Maharashtra State Cooperative Union.
13. Shri C. D. Burfiwala, Director, Local Self Government Institute, Bombay.
14. Shri G. B. Kotak, Maharashtra State Cooperative Marketing Society.
15. Dr. C. D. Datey, Managing Director, Maharashtra State Cooperative Bank.
16. Shri B. Venkatappiah, Deputy Governor, Reserve Bank of India.
17. Shri J. C. Ryan, Chief Officer, Agricultural Credit Department, Reserve Bank of India.

### RAJASTHAN (At Jaipur)

1. Shri Mohan Lal Sukhadia, Chief Minister.
2. Shri Nathu Ram Mirdha, Minister for Cooperation.
3. Shri Haribhan Upadhyaya, Minister for Panchayats.
4. Shri B. Mehta, Chief Secretary.
5. Shri Mathur, Development Commissioner.
6. Shri Pande, Deputy Registrar, Cooperative Societies.
7. Shri E. B. K. Hooja, Secretary, Cooperation Department.
8. Shri S. R. Jain, Manager, Rajasthan State Cooperative Marketing Society.
9. Shri G. C. Kala, Cooperative Development Officer, Rajasthan State Cooperative Union.
10. Shrimati Kamla Beniwal, Vice-President, Rajasthan State Cooperative Union.
11. Shri Jetmal Bakad, Member, Executive Committee, Rajasthan State Cooperative Union.
12. Shri Motilal Chowdhri, Honorary General Secretary, Rajasthan State Cooperative Union.

13. Shri V. N. Kak, Vice-President, Rajasthan Central Land Mortgage Bank.
14. Shri M. L. Jain, Manager, Rajasthan Central Cooperative Land Mortgage Bank.
15. Shri Narain Chaturvedi, Chairman, Central Cooperative Bank, Jaipur.
16. Shri Mali Ram Gupta, Pradhan, Panchayat Samiti, Basi.
17. Shri Amba Prasad Bhargava, Executive Director, Rajasthan State Cooperative Union.
18. Chairman and members of Panchayati Samiti, Jaipur (Jhotwara Village).

#### DELHI


1. Shri Shriman Narayan, Member (Agriculture), Planning Commission.
2. Shri S. K. Dey, Minister for Community Development and Cooperation.
3. Shri M. R. Bhide, Secretary, Ministry of Community Development and Cooperation.
4. Shri P. V. R. Rao, Additional Secretary, Ministry of Community Development and Cooperation.
5. Shri Tarlok Singh, Additional Secretary, Planning Commission.
6. Shri B. P. Patel, Adviser, Planning Commission.
7. Shri L. C. Jain. } Representing Association of Voluntary
8. Shri Dharam Pal. } Agencies for Rural Development.
9. Shri Ramdhan Sharma } Representing National Coopera-
10. Shri H. S. Lather } tive Union.
11. Shri Prasada Rao. नयन नयन

# APPENDIX VI

## The Inter-relationships between Cooperatives and Panchayati Raj Institutions—A Statement on the basis of Panchayat Acts

### Statement I—Village Panchayats vis-a-vis Co-operatives

Sl. No.	Name of the State	Whether Cooperatives are represented on village panchayats and/or its Standing Committees	Whether Standing Committees are constituted for Cooperatives	Functions assigned to Panchayats in the sphere of Co-operation
1	2	3	4	5
1	Andhra Pradesh (Andhra Pradesh Village Panchayats Bill, 1959).	No.	No.	Encouragement of cooperative management of lands in the village and the organisation of collective farming. [Section 53 (xii)].
2	Assam . . . . .	No.	No.	(i) Provision of agricultural finance with the assistance of Government and Agricultural Banks. (ii) Promotion of Cooperative Farming.
3	Bihar . . . . .	No.	No.	<i>Supplementary duties:</i> A Gram Panchayat may make provision for : (i) the introduction and development of cooperative farming, stores and other trades and callings; (ii) the promotion of agricultural credit and of measures to relieve rural indebtedness and poverty.

1	2	3	4	5
4	Gujarat . . .	No.	<p>There is provision for the constitution of 3 Standing Committees for performing such of its duties and functions as the Panchayat may prescribe. No specific mention is made of a committee for Co-operation.</p>	<p>(i) Organising, encouraging and assisting cooperative activities in the economic and social fields. (ii) Providing for the organisation, management and development of cottage industries on a cooperative basis. (iii) Promotion of Cooperative Farming.</p>
5	Jammu & Kashmir	No.		<p>(i) Organisation of cooperative farming and establishment of common granaries. (ii) Assisting and advising agriculturists in the obtaining and distribution among them of Government loans and the repayment thereof in liquidation of old debt and generally in the establishment of sound credit system.</p>
6	Kerala . . .	No Provision.	No.	Promotion of Co-operative Farming.
7	Madhya Pradesh	If there is one or more Cooperative Societies in the Gram Sabha area and the elected members do not include the Chairman, of any such Cooperative Society, the Gram Panchayat shall co-opt a Chairman of any such Cooperative Societies to be a member of the Gram Panchayat.	<p>Every Gram Panchayat shall constitute, <i>inter-alia</i>, a Co-operation and Industries Functional Committee for cooperation, thrift and small savings, cottage and village industries, markets and other matters ancillary thereto.</p>	One of the obligatory functions of the Gram Panchayat is 'Promotion of Co-operation'.
8	Madras . . .	No.	No.	Nil.



9 Maharashtra . . . No.  
(The Bombay Village Panchayats Act, 1958).

No.

(i) Promotion of co-operative farming.  
(ii) Making arrangements for cooperative management of lands and other resources in the village and organisation of collective farming, credit societies and multi-purpose cooperative societies.

(iii) Acting as a channel through which assistance given by the Central Government or State Government for any purpose reaches the village.

10 Mysore . . . No.

No.

(i) "Encouragement and development of Cooperation" is one of the discretionary functions.

(ii) The Government may by notification entrust the Panchayat with the management and cultivation of—

1. common lands;
2. lands the management of which is assumed by Government;
3. lands which the owners thereof are unable to cultivate and the management of which may be assumed by the Government under law.



11 Orissa . . . No Provision

No.

One of the discretionary functions assigned to the Panchayats is "development of cooperation" and establishment of stores for improved seed and implements on cooperative lines, promotion of cooperative farming and marketing of agricultural produce and the establishment of "Goshalas" and dairy farms on co-operative lines.

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Promotion of agricultural credit and of measures including establishment of provision and implement stores and credit centres to relieve rural indebtedness and poverty.

Making arrangements for cooperative management of land and other resources in the Panchayat circle and organisation of collective farming credit societies and multi-purpose cooperative societies.

#### Discretionary powers :

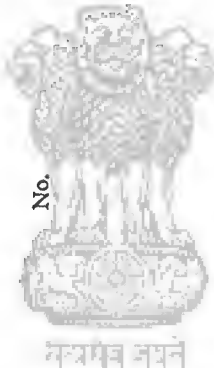
- (i) Development of cooperation and establishment of improved seed and implement stores.
- (ii) Assisting and advising agriculturists in the obtaining and distribution among them of Government loans and the repayment thereof in the liquidation of old debt and generally in the establishment of sound credit system according to law.

#### Obbligatory functions of Gram Panchayats:

- (i) Arranging for cooperative management of land and other resources of the village.

#### Discretionary functions :

- (i) Introduction and promotion of cooperative farming, cooperative stores, and other cooperative enterprises, trades and callings.
- (ii) Assisting and advising agriculturists in the matter of obtaining State loan and its distribution and repayment.



No.

No.

No.

No.

12 Punjab . . . No.

13 Rajasthan . . . No

14 Uttar Pradesh . . . No.

15 West Bengal . . . No.

**Statement II—Block Panchayat Samitis vis-à-vis Cooperatives**

Sl. No.	Name of the State	Whether co-operatives are represented on Block Panchayat Samiti and/or its Standing Committee on Co-operation.	Whether Standing Committees are constituted for Co-operatives	Functions assigned to Panchayat Samitis in the sphere of Co-operation.
I	2	3	4	5
1	Andhra Pradesh	<p>One member of a co-operative society is elected to the panchayat samiti in the prescribed manner.</p> <p>Two persons having experience of co-operation and cottage industries are elected by the Samiti to the Standing-Committee constituted for, <i>inter-alia</i>, Co-operation and Cottage Industries.</p>	<p>There shall be a Standing Committee for Cooperation, thrift and small savings, cottage industries, rural housing, statistics, prohibition etc.</p>	<p>The securing of economic development along democratic lines by the application of co-operation in its infinitely varying forms and in particular:</p> <p>(i) establishment of co-operative credit, industrial, irrigation, farming and multi-purpose societies in order to serve the maximum number of families.</p> <p>(ii) encouragement of thrift and small savings.</p>
2	Assam	<p>One representative is elected to the Anchalik Panchayat by the Chairmen of Co-Operative Societies within the Block.</p>	No.	<p>Provision of agricultural finance with the assistance of Government and Co-operative Banks.</p>
3	Bihar (New Bill as revised by the Joint Select Committee).	<p>One of the members of the managing committee of the Central Co-operative Bank registered as such under the law relating to Co-operative societies for the time being in force whose area of operation extends to the Block is elected by the Managing Committee in the prescribed manner. A Panchayat Samiti may coopt to the Standing Committee for Agriculture, Animal Husbandry, Co-operation and Minor Irrigation, two members having experience and knowledge of these subjects.</p>	<p>There shall be, <i>inter alia</i>, a Standing Committee for agriculture animal husbandry, co-operation and minor irrigation.</p>	<p>Promotion of co-operation through establishment of co-operative credit, industrial and multi-purpose co-operatives, cane growers' co-operatives, weavers' co-operatives, farmers co-operatives and other co-operative societies.</p>

#### 4 Gujarat (New Bill)

The Chairmen of all the Co-operative Societies situated within the Taluk would elect from among themselves representatives to the Taluka Panchayat. The number of members to be so elected shall be as nearly as may be 1/10th of the total number of Sarpanches of all Gram Panchayats and the Chairman of all Nagar Panchayats within the Taluka.

A Standing Committee is constituted for co-operation and Health for performing functions pertaining to co-operative movement, small savings scheme, statistics and prohibition.

Promotion of the idea of Co-operation in different fields of life and to organize and encourage co-operative institutions in the economic and social fields and especially:

(a) to establish and promote the development of multipurpose co-operative societies for credit, sale, industry, irrigation and agriculture;

(b) promoting savings through thrift, small savings and insurance schemes.

1. Notwithstanding anything contained in the Bombay Co-operative Societies Act, 1925 or any other corresponding enactment for the time being in force in the State of Gujarat, the State Government, having regard to the panchayat functions list, may subject to such conditions as it may think fit to impose, by an order published in the official gazette, delegate to a District panchayat and the taluka panchayats subordinate to it, such powers, functions and duties of the Registrar or any other authority under the said Act or enactment as may be specified in the order.

2. In particular, such order may provide for the delegation of powers relating to —

(a) the registration of co-operative societies;

(b) the approval of amendment to the by-laws of co-operative societies;



- (c) appeals arising out of non-admission of members in a co-operative society;
- (d) maintenance of register of co-operative societies;
- (e) change in the name or classification of a cooperative society;
- (f) permission to co-operative societies to enter into partnership;
- (g) the calling of, or extending the period for the calling of, annual general-meetings of co-operative societies;
- (h) the disposal of surplus assets of co-operative societies in the event of their winding up;
- (i) direction for giving possession of books and papers of the co-operative societies to the successor chairman thereof. (Section 156).



5 Madhya Pradesh . The Janapada Panchayat shall be composed of, *inter-alia*, one member representing the co-operative marketing society or co-operative union as the case may be within the Block. If there is no co-operative marketing society or a co-operative union within the Block the Janapada panchayat shall co-opt a representative of other co-operative institutions within the Block.

There shall be a Standing Committee for co-operation and Industries for performing functions relating to Co-operation, thrift and small savings, cottage and village industries, markets and statistics.

The securing of economic development along democratic lines by the application of co-operation in its different forms and in particular:—  
 (a) establishment of co-operative credit, consumers, housing, producers, industrial, farming, marketing and multi-purpose societies in order to serve the maximum number of families;  
 (b) encouragement of thrift and small savings.

1	2	3	4	5
		<p>The Standing Committee for Co-operation and Industries may co-opt two persons having special knowledge or experience of subjects to the Committee.</p>		
6	Madras . . .	No provision exists for reservation of seats for the representatives of cooperatives in the Panchayat Union Councils.	No.	No functions has been specifically assigned to Panchayat Union Councils in the sphere of Co-operation.
7	Maharashtra (New Bill)	<p>Every Block Committee shall consist of, <i>inter-alia</i></p> <p>(i) the Chairman of such Co-operative Society conducting the business of purchase and sale of agricultural products in the Block, as the State Government may nominate; and</p> <p>(ii) the Chairman of a Cooperative Society conducting the business relating to agriculture co-opted by the Block Committee.</p>	..	..
8	Mysore . . .	No provision exists for reservation of seats of the representatives of co-operative societies in the Taluk Boards.	No specific provision exists in the Act for constituting Standing Committees for Taluk Boards for Co-operation.	One of the "discretionary" functions "assigned to the Taluk Board is "to encourage and develop Co-operative Societies in the Taluk".
9	Orissa . . .	No provision exists in the Act for the representation of co-operatives in the Panchayat Samitis.	No.	No specific provision exists.

10	Punjab . . . . .	Two members of co-operative societies are elected by the members of co-operative societies from among themselves in the prescribed manner.	A Standing Committee shall be constituted for the following group of subjects: Co-operatives, Education, Social Welfare, Public Health and Sanitation, Cottage Industries and Housing.	(i) Promotion of Co-operation by helping in the establishment and strengthening of service co-operatives, industrial, irrigation, farming and other co-operative societies. (ii) Participation in and assistance to service co-operatives.
11	Rajasthan . . . . .	One person from amongst the members of the managing committees of co-operative societies in the Block is co-opted to the panchayat samiti in the prescribed manner. There is a provision enabling the panchayat samiti to co-opt two persons having experience in the field of agriculture, co-operation and cottage industries to the Standing Committee for these subjects.	There shall be a Standing Committee for production programmes including agriculture, animal husbandry, irrigation, co-operation, cottage industries and other allied subjects.	(i) Promotion of Co-operation by helping the establishment and strengthening of service co-operatives, industrial, irrigation, farming and other co-operative societies. (ii) Participation in and assistance to Service Co-operatives.
12	Uttar Pradesh . . . . .	One representative of Block Union and Co-operative Marketing Societies having their registered offices within the Block and two representatives of Service Co-operatives are elected to the Kshetra Samiti in the prescribed manner.		Promoting co-operation, particularly, through helping co-operative education and organisation and running of co-operative societies.

Note: Jammu & Kashmir, Kerala and West Bengal States have not yet contemplated the establishment of Panchayati Raj institutions at the Block and District levels.

## Statement III—Zila Parishad vis-a-vis Co-operatives

Serial No.	Name of the State	Whether co-operatives are represented on Zila Parishad or its Standing Committees.	Whether Standing Committees are constituted for Co-operation.	Functions assigned to Zila Parishads in the sphere of Co-operation.
1	2	3	4	5

## 1 Andhra Pradesh

There is no representation for co-operatives on the Zila Parishad. However there is provision for election of one person having experience and knowledge of Co-operation by the Zila Parishad to the Standing Committee dealing with Co-operation.

There shall be a Standing Committee for food and agriculture, co-operation, animal husbandry, forests, irrigation and power.

Nil.

## 2 Assam

No. 1

No.

Nil.

3 Bihar  
(New Bill as revised by the Joint Select Committee).

The Zila Parishad consists of, *inter alia*, two persons elected by the members of managing committees of all the Central Co-operative Banks functioning in the district from among themselves.

There shall be a Standing Committee for agriculture, Co-operation, irrigation and power, and animal husbandry.

Nil.

## 4 Gujrat.

No.

A District Panchayat may constitute a Standing Committee for Co-operation and Health for performing functions pertaining to co-operative movement, small saving scheme, village industries, statistics and prohibition.

I. Notwithstanding anything contained in the Bombay Co-operative Societies Act, 1925 or any other corresponding enactment for the time being in force in the State of Gujarat, the State Government, having regard to the panchayat functions list, may subject to such conditions, as it may think fit to impose, by an order published in the Official Gazette, delegate to a District panchayat and the Taluka panchayats subordinate to it,



such powers, functions and duties of, the Registrar or any other authority under the said Act or enactment as may be specified in the order.

2. In particular, such order may provide for the delegation of powers relating to—

- (a) the registration of cooperative societies ;
- (b) the approval of amendment to the bye-laws of cooperative societies ;
- (c) appeals arising out of non-admission members in a cooperative society ;
- (d) maintenance of register of cooperative societies ;
- (e) change in the name of classification of a cooperative society ;
- (f) permission to cooperative societies to enter into partnership ;
- (g) the calling of, or extending the period for the calling of, annual general meeting of cooperative societies ;
- (h) the disposal of surplus assets of cooperative societies in the event of their winding up ;
- (i) direction for giving possession of books and papers of the cooperative societies to the successor chairman thereof. (Section 156).



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5 Madhya Pradesh . The Zila Panchayat shall co-opt the President of the Distt. Cooperative Society unless he is otherwise member of the Zila Panchayat. The Zila Panchayat may co-opt to any Standing Committee not more than two persons having special knowledge and experience in the subject assigned to that Committee.

Nil.

6 Madras . . President of Cooperative Central Banks in the district are made members of the District Development Council.

Nil.

7 Maharashtra . . The Chairman of such five Cooperative Societies in the District as the State Government may appoint, are taken to the Distt. Council as associate Councillors. Not more than two persons having special knowledge or experience in respect of Cooperatives are co-opted to the Committee for Cooperatives.

The Distt. Committee shall appoint a Committee for Cooperatives.

(i) Maintenance of Cooperative Stores and grant of subsidies to multi-purpose co-operative societies for maintenance of staff (so far as Co-operative Societies having not more than rupees five lakhs working capital each and having jurisdiction less than a district are concerned).

(ii) Giving of financial assistance to individual cultivators in the form of loans and subsidies for the purpose of purchasing agricultural requisites.

(iii) Registration of cooperative societies. (Only in respect of those societies whose working capital does not exceed rupees five lakhs each and whose jurisdiction is less than a district).

(iv) Approval to bye-laws of the type of societies mentioned at (iii) above.

(v) Appeals arising out of non-admission of members to the type of societies mentioned at (iii) above.

(vi) Administrative supervision over co-operative societies. (Only to the extent of examination of the general working of societies, their management and a financial position with a view to improving the business standards adopted by the societies and their office bearers and also extending their activities.)

NOTE : The above functions at entries (iii) to (vi) are to be carried out by the Asstt. Registrar working under the Distt. Council in accordance with the model bye-laws and instructions issued by the Registrar of Co-operative Societies. Whenever a new type of Co-operative Society is to be registered for which model bye-laws are not available the bye-laws shall first be got approved by the Registrar of Co-operative Societies before registration of such societies).

(vii) Promotion and extension. (In respect of all types of cooperative societies).

(viii) Sponsoring of applications of Co-operative Societies for financial assistance from the State Government.

(ix) Sponsoring of applications of Co-operative Societies (such as may be specified by the Registrar of Co-operative Societies) to concerned federal societies in respect of participation in share capital.



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(x) Taking shares in cooperatives in those cases in which the State Government can take shares subject to conditions laid down by the Registrar of Cooperative Societies.

(xi) Supervision and control over Agricultural Produce Markets. (Only the district level work of supervision and control).

8 Mysore

.

.

No.

No.

Nil.

9 Orissa

.

.

No.

No.

Nil.

10 Punjab

.

.

No.

There shall be a standing Committee for the following groups of Subjects :

Nil.

"Agricultural production, animal husbandry, minor irrigation, power, communication and works."

11 Rajasthan

.

.

The President of the Central Cooperative Bank in the district or where there is no such Bank, of the Central Cooperative Bank serving the District is made a member of the Zila Parishad. (If President is official, the Vice-President is nominated as a member).

No.

Nil.

12 Uttar Pradesh

(i) One representative each from the Distt. Cooperative Federation and the Distt. Cooperative Bank ; and

(ii) one representative of cooperative marketing societies, one chosen in the prescribed manner.

No.

Nil.

**NOTE** (i) Jammu & Kashmir, Kerala and West Bengal States have not yet contemplated the establishment of Panchayat Raj institutions at the Block and District levels.

**NOTE** (ii) Even though no specific function regarding Cooperation has been expressly assigned to Zila Parishads under the Legislations in force in most of the States, these bodies at the District Level, by virtue of the coordinating and advisory status given to them in respect of Panchayat Samitis, have a role to play in the sphere of Co-operation.

## APPENDIX VII

No. 1(77)/59-Agr.

Government of India

Ministry of Community Development & Cooperation  
(Department of Community Development)

*New Delhi, the 23rd June, 1960.*

**To**

The Development Commissioners,  
All State Governments.

**SUBJECT:** *Agriculture—Drawing up Village Production Plans.*

**Sir,**

Will you please refer to the suggestions of the Planning Commission on the above subject and the discussions with the Development Commissioners at Srinagar? In spite of efforts so far made, not much progress has been possible in the preparation of the village and family agricultural production plans. This has been due perhaps in part to the inherent difficulties and in part to attempts to make such plans detailed and exhaustive. In the first instance, it is suggested that the village agricultural plan should contain the minimum data necessary to secure its main objective, namely, working out the practical steps to be taken to achieve increased production and to seek the active participation of the largest number of cultivators in its formulation and implementation. It should not be necessary in the initial stages to go into elaborate details. As a result of discussions on the efforts so far made to prepare such plans and after watching the actual preparation of some plans together with discussions with Village Level Workers and Paradhans/Sarpanches of villages, it is considered that if preparation of village production plans as indicated below were taken up, greater success could be achieved and that too rapidly.

2. The main elements in the agricultural production plan at the village level are:

- (i) full utilisation of irrigation facilities, including maintenance of field channels in good condition by the beneficiaries, repairs and maintenance of Community irrigation works and economy in the use of water;
- (ii) increase in the area under multiple cropping;
- (iii) multiplication in the village of improved seed and its distribution to all cultivators;

- (iv) supply of fertilisers;
- (v) programme for composting and green manures;
- (vi) adoption of improved agricultural practices, e.g. soil conservation, contour-bunding, dry farming, drainage, land reclamation, plant protection etc;
- (vii) programme for the introduction of improved agricultural implements;
- (viii) programme for increasing production of vegetables and fruits;
- (ix) programme for development of poultry, fishing and Dairy product;
- (x) Animal Husbandry, e.g. supply and maintenance of stud bulls, establishment of Artificial Insemination Centres and castration of scrub bulls etc.; and
- (xi) programme for the development of the village fuel plantations and pastures.

NOTE: Supplies and services required for the Production Plan may have to be arranged on credit to those persons who are not in a position to pay cash.

3. *Procedure of Preparation of Village Plans.*—The village plan will be a broad plan covering the village as a whole. The plan will depend on

- (i) local effort of the individual or the community; and
- (ii) supplies and services obtained from outside.

There has been a tendency in some places to place too much reliance on (ii) above and not to exploit (i) to the maximum extent. The supplies and services that can be obtained or provided from outside are limited. In preparing the plan, this limitation must be kept in mind and efforts made to develop local resources to the maximum extent. The Block team has the responsibility in this respect of indicating to the villages the manner in which local resources can be developed to improve production.

4. Each year early in January a preliminary estimate of the resources which would be available to the block from outside such as fertilisers, seeds, credit, etc. should be given to each block by the Head of the Department concerned. (This may even be in terms of a round percentage over the last year's figure.) The Block authorities should, in the meanwhile, collect, where they have not already done so, basic data for every village, i.e. number of families, area, etc. On the basis of this information and a rough knowledge of supplies which would be available from outside, the Panchayat Samiti (or B.D.C.) should meet and discuss the broad outline of the village plans. At these meetings, the Sarpanches who will have knowledge of local conditions must necessarily be present; and they may bring with them local leaders like Gram Sahayaks, who may be of assistance in the preparation of the village plans. It is these persons who will be able to give an idea of the local resources that are, or can be made, available. As a result of the discussions at such a meeting, a fairly accurate outline of the plan of production

for the block and preliminary outlines for individual village plans should be prepared. A Specimen form is attached. This work should normally be over by the end of March.

5. With this broad outline, the Panchayat will call a general meeting of the Gaon Sabha to which all the heads of families, particularly of the cultivating classes, office bearers and representatives of co-operatives and extension workers should be invited for the discussions of the outline of the village plan. In the meeting, while no attempt need be made to draw any individual family plan at this stage, the tasks that will have to be performed by different persons or groups in order to implement the village plan and a broad time schedule for carrying out these should be worked out. This meeting should also work out suitable methods for implementing the programme so decided by making individual members of the Panchayat etc. responsible for the performance of specific items of work for specific areas in the village. This work should be completed by about the 15th May, i.e. generally a month in advance of the commencement of the Agricultural season. (Each State will have to fix the date).

6. In the preparation of the village production plan, the village panchayat and the village co-operative both have an important role. The panchayat is in the best position to visualise the village production plan as a whole and, in particular, to arrange, with the consent of individual villagers secured in the course of discussions in the Gaon Sabha, the execution of programmes which call for effort on the part of the entire village community, or a group of villagers or individuals. On the other hand, it will be the responsibility of the village co-operative to provide the specific assistance required by individual cultivators by way of credit and supplies. The scope of co-operative credit will become progressively larger since the policy is to channel Taccavi loans and other Government assistance, as far as possible, through co-operatives. Secondly, as the membership of the village co-operative becomes more broad-based and comes to include all cultivators in a village, its responsibilities and those of the panchayat for the village production plan will become more fully integrated. In the meanwhile, however, while institutional credit can only be given by the co-operative to its members, the programme must ensure that supplies are available to members and non-members alike.

7. Thus, close collaboration between the panchayat and the co-operative is necessary in the drawing up of the village plan. But the village panchayat must accept primary responsibility for the drawing up of the village production plan in close association with the village cooperative. The scope of planning will increase as the efficiency of the panchayats and co-operatives develop in this field of activity.

8. Within the general production plan framed by the panchayat in collaboration with the village co-operative, the latter will prepare its plan for assisting individual cultivators. Thus, the preparation



by the village co-operative of agricultural plans for individual families will mean, in essence, the more effective organisation of the working of the primary co-operative so that its assistance becomes available progressively to all the cultivators in the village who need it.

9. The Block Samiti will consolidate the village plans as finally formulated in accordance with para. 5 above, include items for which the Block Samiti itself may be responsible and then prepare the final block plan. Having regard to the information already indicated to the Districts/Blocks earlier, the Block and village plans should not normally require any major revision when the State budget is finally passed. Any changes deemed necessary by later developments will have to be carried out by the authorities responsible for the preparation of the plan, i.e. the Panchayat/the Block Samiti, as the case may be.

10. It is desirable to consolidate the block plans at the District level.

11. The block and village Plans so framed should form the basis for implementation. The Block and Panchayat authorities and the extension staff will have to keep watch and assist in the implementation. Even though responsibility will primarily be that of the Panchayat, the Extension Staff would have to play an important role particularly in ensuring that services and supplies are made available as agreed and on time.

12. In the following years, where the plan for the next year is being prepared, appropriate columns in the village plans which indicate the actual inputs and targets achieved, would also need to be filled in. This would enable examination of how the plan was actually implemented, whether there was adequate and timely supply of the credit funds, fertilizers, seeds, from outside or not and whether the cultivator himself put in his own contribution as he had undertaken. The result of such a review, at the time of the preparation of the succeeding years' annual plan, would help in highlighting the deficiencies and would also enable corrective action to be taken for the following year.

13. It is requested that the State Government may kindly initiate action on this behalf and ensure in howsoever simple a manner in the first year that as many village production plans are prepared as possible, and in subsequent years the deficiencies are gradually overcome. The suggestions contained in this letter are intended to give the broad lines on which the problem can be approached. State Governments will naturally issue suitable instructions in the light of this letter to the block organizations. It is requested that action that the State Government may take on this behalf may please be indicated to this Ministry, and also to the Ministry of Food and Agriculture and the Planning Commission for information.

14. It is appreciated that Village Agricultural Production Plans for a full year on these lines can only commence in the year 1961. The State Government may, however, consider the desirability of preparing in a few select blocks in the State a village agricultural production plan for the ensuing Rabi season, suitably adopting these instructions. The experience thus gained will facilitate the preparation of these Plans on a firmer basis from next year.

Yours faithfully,

Sd/- (P. V. R. RAO),

Additional Secretary to the Govt. of India.



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# VILLAGE PLAN FOR AGRICULTURE

Block \_\_\_\_\_ Village \_\_\_\_\_ No. of agricultural households in village \_\_\_\_\_

I. (a) Geographical area (acres) \_\_\_\_\_ (b) Cultivated area \_\_\_\_\_ (c) Double cropped area \_\_\_\_\_ (d) Irrigated area \_\_\_\_\_ (e) Old fallows cultivable waste & grazing lands \_\_\_\_\_

II. Principal crops grown last year (with area) \_\_\_\_\_ (1) \_\_\_\_\_ (2) \_\_\_\_\_ (3) \_\_\_\_\_ (4) \_\_\_\_\_ (5) \_\_\_\_\_ (6) \_\_\_\_\_ (7) \_\_\_\_\_ (8) \_\_\_\_\_ (9) \_\_\_\_\_ (10) \_\_\_\_\_

III Plan for the year \_\_\_\_\_

Item	Target		Supplies Required and obtained								Remarks
	Units/ Quantity	Area to be benefitted of supply	Description to be made available				finally obtained		Units/ Quantity	Area to be benefitted	
			Villages own sources	Outside help	Villages own sources	Outside help	through	through			
I	2	3	4	5	6	7	8	9	10	11	

## APPENDIX VIII

No. 1(23)/61-Agr.

Government of India

Ministry of Community Development & Cooperation  
(Department of Community Development)

*New Delhi, the 22nd July, 1961*

From

Shri P. V. R. Rao,  
Additional Secretary to the Government of India

To

The Secretaries-in-charge of  
Community Development Department,  
All State Govts./Union Territories.

SUBJECT: *Agriculture—Drawing up Village Production Plans*

Sir,

Will you please refer to this Ministry's letter No. 1(77)/59-Agr. dated the 23rd June, 1960, on drawing up of village agricultural production plans? The Ministry had recently sent (vide letter No. 1(20)/61-Agr. dated the 15th May, 1961) copies of the proceedings of the Baroda Workshop giving details of the method suggested for the preparation of village agricultural production plan and the organisation necessary for its implementation. The subject was discussed at the National Conference on Community Development held at Hyderabad this month and also later at the Conference of the State Ministers of Community Development and Panchayati Raj.

2. The National Conference has recommended the drawing up and implementation of a village agricultural production plan for every revenue village. These plans are to be prepared by the village panchayats in collaboration with the village co-operatives and the active participation and assistance of farmers. Gram Sahayaks and other progressive farmers of the village, are expected to play an important role in organising the farmers to adopt improved practices and implement specific programmes included in the village agricultural production plan. It is needless to repeat that the Block Extension agency and in particular the Block Development Officer, the Extension Officer (Agriculture) and Village Level Workers must render the fullest assistance to the village panchayats in this behalf.

3. While Village Agricultural Production Plans will have to be prepared for all the villages in a block it is desirable that such plans are prepared comprehensively and in great detail at least in one or two selected villages in each village level workers circle. This would provide the basis for discussion and exchange of views

amongst the people and extension officers, and would help other villages also in obtaining proven guidance in this regard.

4. For the more effective implementation of the production plan, it is also desirable that either in the meeting of the Gram Sabha or the Agricultural Production Committee of the Panchayat or at a special meeting of the Gram Panchayat itself, effort is made to identify the individual Gram Sahayaks and other progressive farmers who would not only implement the programme in their own farms but would also take responsibility for assisting a group of farmers in the neighbourhood to adopt the improved practices so as to increase their own production and thus assist in the fuller implementation of the village agricultural production plan. The association of such groups of farmers on the basis of mutual self-aid assistance, it is considered, will greatly help in involving a larger number of the farming families in the production programme as also more rapidly disseminate techniques and procedures thereby greatly helping in the quicker implementation of the plan.

5. The broad details of procedure for the preparation of village agricultural production plans as approved by the National Conference are given in the annexure. The State Governments are kindly requested to intimate the action taken/proposed to be taken by them in this regard.

Yours faithfully,

Sd/- P. V. R. Rao,

Additional Secy. to the Govt. of India.

Copy to:

1. Ministry of Agriculture (Shri Damle),
2. Planning Commission (Shri Tarlok Singh) for information.

### **Village Agricultural Production Planning**

*Agency to prepare and implement Village Agricultural Plans*

1. The agricultural production plan should be prepared for each revenue village. The village panchayat in collaboration with the village cooperative should be responsible for its preparation and implementation. Progressive farmers such as Gram Sahayaks should be closely associated with panchayats in drawing up of the plans. No rigid frame work need, however, be prescribed for this purpose. But where guidance is sought by the panchayats, State Governments may suggest to them the formation of a Committee called the Agricultural Production Committee. The Committee may consist of the following:

1. President of the Panchayat or the resident representative of the village panchayat and three other panchas from the village.
2. Chairman/Secretary or two other representatives of the co-operatives.
3. A few progressive farmers, such as Gram Sahayaks.
4. A school teacher interested in agriculture.

5. Patwari/Karnam.

6. Secretary of the Panchayat.

2. There should be elasticity in the formation of the Committee suggested above. Its personnel may vary according to conditions prevalent in each State.

*Pre-requisites for drawing Village Agricultural Production Plans.*

3. Basic village agricultural data and reliable information regarding likely availability of supplies, services and credit, etc., are the pre-requisites for drawing up the village production plans.

(a) *Collection of data.*—The data to be collected should be confined only to such items as are essential for drawing up the plan. The data should be capable of being collected from Gram Sevaks, patwaris, farmers and by local enquiry, in the shortest period possible. Where necessary, state governments may indicate an illustrative list of data for the guidance of the panchayat/Agricultural Production Committee. These data should be collected and kept ready sufficiently before the programme planning is taken up.

(b) *Assistance from above & strengthening of the cooperatives.*—The Panchayat Samiti has the responsibility to indicate to the panchayats an estimate of resources which would be available to them from outside, such as, seeds, fertilisers, credit, etc. Where the local primary cooperative society is weak, urgent efforts should be made to revitalise it since it has to play a vital role in providing facilities of credit and supply etc. which form an important part of programme planning.

*Working of a Draft Plan*

4. On the basis of the village agricultural data and the information regarding supplies, etc., assured from above, the panchayat (the village agricultural production committee) will work out a draft village production plan. The plan will be in the following two parts:—

1. Identification of items of production programmes to be undertaken in the course of agricultural season.
2. Selection of cultivators who are desirous of improving their production and associating themselves with progressive farmers.

5. As regards the first part, agricultural production programmes would consist of realistic items of work, practices and demonstrations to be adopted in the village. These programmes will be of two types:

- (i) programmes based on self-aid and village community effort; and
- (ii) programmes based on outside resources supplemented by the resources of the farmers.

6. The above programmes would again be categorized as those that could be executed by the individual farmer in his own farm, e.g., improved agricultural practices, multi-cropping, better

management of land, etc., and those that could be undertaken by groups of farmers or the village community as a whole like maintenance of field channels, building and utilisation of irrigation potential, soil conservation, contour bundings, etc. The following will be some of the basic criteria for selection of works to be included in the agricultural production plan:

1. These must be practicable and achievable by most cultivators in the village;
2. These should concentrate on the use of local manpower and readily available resources;
3. These should be, as far as possible, of short term duration so that their results are immediate and effective;
4. These should not involve excessive financial outlays and considerable dependence on outside material which are difficult to secure; and
5. These should reflect exact utilisation of outside assistance in the form of seeds, services, etc., ensured to the villagers from above.

7. The second part of the Village Agricultural Production Plan is the selection of cultivators who are keen to adopt improvements in production techniques and land management and who are willing to work individually or in groups) in association with Gram Sahayaks and other progressive farmers in increasing their production. Informal groups of willing farmers working with one another on these lines would be of great help in implementing the village Agricultural Production Programme through self-aid and mutual assistance of farmers. In this connection the Village Level Workers and others should try to see that trained Gram Sahayaks play the role envisaged for them.

8. The Panchayat/Agricultural Production Committee might have to hold one or two sittings to prepare the Plan and fix responsibility on individuals and group of individuals. Responsibilities in this context will be of two types, one relating to areas where programmes like contour bunding, field bunding, dry farming, afforestation, soil conservation construction of field channels are to be undertaken. What the cooperative and the panchayat will have to do to help the cultivators in implementation of the Plan should also be clearly laid down. These stages of work should be completed at least one month before the crop year. The exact time schedule will, however, vary from state to state in accordance with the crop season.

9. Having framed the draft production plan with a view to mobilising support and ensuring full participation, the Village Panchayat should call for a general meeting of the Gaon/Gram Sabha to which all the heads of the families, particularly the cultivators should be invited. The draft plan prepared by the Agricultural Production Committee should then be placed before the Gaon Sabha for discussion and finalisation. It is expected that the Sabha will discuss the data and draft plan in detail and suggest such changes as they may deem necessary.

### *Publicity of Plan*

10. Village Agricultural Production Programme prepared and approved by the Panchayat and Gram Sabha should be exhibited at prominent places in the village, preferably at the village chavdi, panchayat office, cooperative office, school etc.

11. Copies of the final Plan may be sent to the panchayat samiti/ union and village level worker who will assist the Agricultural Production Committee in its implementation.

### *Follow-up work.*

12. Village Panchayat (Agricultural Production Committee) may entrust follow up of different aspects of the Village Agricultural Production work to selected individuals—members of the Committee, Gram Sahayaks and others according to the responsibilities accepted by them. Each selected Gram Sahayak should also demonstrate in his own fields selected improved practices which are likely to have a direct impact on income of production in the village. Progressive farmers organizing such demonstrations should invite other cultivators to their fields.

### *Action part*

13. At the village level, the village panchayat together with the Village Cooperative (Agricultural Production Committee) will be responsible for the execution of the Plan. The Panchayat (P.A.C.) may meet at least once a month to take stock of the situation and assess the progress made in implementing the approved programmes. It will also suggest such correctives as may be necessary and seek guidance of the B.D.O. and Agricultural Extension Officer. The Village Level Workers would attend the monthly meetings of the Panchayat (Agricultural Production Committee), participate in them and send reports to the panchayat and the B.D.O. each month on the work being done including the gains made.

14. The Gram Sevak on his part will also meet discuss their work and problems with individuals on whom the responsibility of implementation of various items of work has been placed. He should also help the Village Production Committee secure the agreed requisites for supply, services and credit in time and see that these requisites are processed promptly and services, etc., made available in good time.

15. At the block level it will be the responsibility of the B.D.O. and his Block Team to indicate to the village panchayats through the V.L.Ws. the quantum of supplies and services to be made available to them in the light of which the Village Panchayat (The Agricultural Production Committee) will be able to draw up their production programmes. They should also attend the meeting of the village panchayat (Agricultural Production Committee) called to formulate and discuss the village agricultural production programmes. As a rule, the B.D.O. should try to attend at least one meeting and the Extension Officer (Agriculture) and the Extension Officer (Cooperative) at least two meetings in the village. The B.D.O. may also allot such duties as may be necessary in this regard to other



Extension Officers if their load of work justifies it. The Block staff will ensure technical advice for the village plans and also see that these are tied up with the Block and other schemes drawn up for the area by higher authorities.

16. At the District level, the District Agricultural Officer should obtain from the State Headquarters estimates of the resources which would be available to the blocks such as fertilisers, seeds, credits, etc. and make them available in time to block authorities. (This may even be in terms of the round percentage of the last year's figure). Further, the District Agricultural Officer will be squarely responsible for supervision and execution and the preparation for Village Agricultural Production programmes at least in one village in his area. He will also be responsible to approve and provide the type of technical know-how needed in the field and arrange for training programme, supplies, etc.

17. At the State level, the Department of Agriculture and the concerned Departments should take various steps necessary to indicate in advance the quantum of supplies and services likely to be made available to the districts.

#### *Phasing of the Programme*

18. Preparation of village agricultural production programmes should be taken up in all the villages of the block. Every village should have a plan, however, preliminary it may be in the beginning. Drawing up of a village agricultural production plan is an educational exercise as well as a practical task to be accomplished in every village as early as possible. In the initial selection of villages for this purpose, preference should be given to such villages which have strong cooperative societies. In villages where cooperatives are not strong special attention should be paid by Panchayats to revitalise them as an important pre-requisite of village agricultural production programme.

19. In one or two villages/panchayats preferably in each V.L.Ws. Circle headquarters in each Block, the village production plans should be worked out with great care so that it can serve as an example and be the basis for discussion and exchange of views amongst people from other villages in the block. This would help avoid all villages going through the same difficulties and errors. This does not mean that other villages do not attempt village production plans, but only that as far as possible proven guidance and example becomes available to all villages in the blocks as early as possible.

#### *Encouragement of participants*

20. In order to support the panchayats in building up the above programme, encouragement in two directions will have to be provided. One is progressively higher training for Gram Sahayaks in institutions and through Bharat Darshan Tours and seminars. The other is exchange of farmers from within the block and State, and even beyond the state.

The need for mass training of farmers at the village level in preparing village production plans and carrying them out with enthusiasm should be emphasized.